



# Millennium Challenge Account Philippines

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## Monitoring and Evaluation Plan

September 2011

This monitoring and evaluation plan is a binding document that serves as a guide for program implementation and management. It will help Millennium Challenge Account – Philippines (MCA-P), its Board of Trustees, Stakeholders Committee, Auditor, Management Team, and Implementing Entities which include the Department of Public Works and Highways (DPWH), Department of Social Welfare and Development (DSWD), Bureau of Internal Revenue (BIR) and the Department of Finance-Revenue Integrity Protection Service (DOF-RIPS), beneficiaries, and other stakeholders know the progress being made towards the achievement of objectives and results.

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## 1 Preamble

This Monitoring and Evaluation (M&E) Plan:

- is part of the action plan set out in the MILLENNIUM CHALLENGE COMPACT (Compact) signed on 23 September 2010 between the United States of America, acting through the Millennium Challenge Corporation (MCC), a United States government corporation (MCC), and the Republic of the Philippines, acting through its government;
- supports provisions described in *Annex III. Description of Monitoring and Evaluation Plan* of the Compact;
- is governed and follows principles stipulated in the *Policy for Monitoring and Evaluation of Compacts and Threshold Programs* (DCI-2007-55.2 from 05/12/2009) (MCC M&E Policy).

This M&E Plan is considered a binding document, and failure to comply with its stipulations could result in suspension of disbursements. It may be modified or amended as necessary following the MCC M&E Policy (article 5.2), and if it is consistent with the requirements of the Compact and any other relevant supplemental legal documents.

## 2 Overview

The Government of the Philippines and the Millennium Challenge Corporation, on behalf of the United States Government have signed a Compact Agreement for a four hundred thirty-three million nine hundred ten thousand dollars (\$433,910,000) grant to be implemented over five years. The agreement was signed on 23 September 2010 and entered into force on 25 May 2011.

The Republic of the Philippines is a country of more than 91 million people 32.9 % of which (2006 estimate) are living below the poverty line. More than 50% of the population (2010 estimate) lives in rural areas. The total labor force is 38.9 million Filipinos, 33% of which are employed in the agriculture sector.

Philippines economy weathered the global recession of 2008-2009 better than most of its regional peers. This is mainly attributed to the country's low dependence on export, low exposure to international securities, high domestic consumption and a vibrant service sector with an expanding business process outsourcing industry. The average economic growth during the Macapagal-Arroyo administration was 4.5%. Yet in spite of this the poverty situation has worsened. The country's high population growth rate and the inequitable distribution of wealth are believed to be the reasons why this happened.<sup>1</sup>

One of the challenges of addressing poverty in the Philippines is the effective targeting of projects to poor beneficiaries. The Compact will assist in the implementation of the Kapit bisig Laban sa Kahirapan ("Linking Arms Against Poverty") – Comprehensive Integrated Delivery of Social Services ("KALAHI-CIDSS or KC"), a project that targets communities with a poverty incidence equal to or greater than the national average. The KC project is a community-driven development project that enables the provision of infrastructure and services associated with community-selected and managed "subprojects", strengthens community participation in development and governance activities at the village and municipal level, and improves responsiveness of local government to community needs. In the long run, it aims to institutionalize community empowerment by working together with the local government in order to ensure its sustainability.

In Samar, one of the poorest provinces in the Philippines, the Wright-Taft-Borongan-Guiuan road that passes through 15 municipalities will be rehabilitated. The Secondary National Roads Development Project (SNRDP) is expected to accrue economic benefits by lowering vehicle operating costs, and saving the time of those Filipinos living near the road in Samar thus enabling them to have greater access to commercial activity as well as their basic needs.

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<sup>1</sup> <https://www.cia.gov/library/publications/the-world-factbook/geos/rp.html>

Government's ability to address developmental problems is also limited by its capacity to raise funding to finance its projects as a result of weak tax collection. The Revenue Administration Reform Project (RARP) aims to increase the tax revenue over time and support the Department of Finance's initiatives to detect and deter corruption by increasing the efficiency and sustainability of revenue collection through a redesign and computerization of business processes.

### **3 Purpose**

This monitoring and evaluation plan is a binding document that serves as a guide for program implementation and management. It will help MCA-P, its Board of Trustees, Stakeholders Committee, Auditor, and Management Team, Implementing Entities which include the Department of Public Works and Highways (DPWH), Department of Social Welfare and Development (DSWD), Bureau of Internal Revenue (BIR) and the Department of Finance-Revenue Integrity Protection Service (DOF-RIPS), beneficiaries, and other stakeholders know the progress being made towards the achievement of objectives and results. The system will not only collect, analyze and disseminate information on targets and outcomes but will, more importantly, provide the basis for evidence-based poverty reduction strategies and policies in the future.

This Monitoring and Evaluation Plan is a key management tool in implementing the results-based approach adopted by the Compact. It exists so that it can:

- Explain how MCA-P and MCC will monitor and assess how Compact projects are progressing towards achieving their intended results.
- Provide a mechanism to alert MCC, MCA-P, Implementing Entities, Stakeholders Committee, Board of Trustees to any barriers or problems to program implementation.
- Provide a framework for accountability between the Implementing Entities and MCA-P.
- Outline any M&E requirements that MCA-P and Implementing Entities must meet in order to receive disbursements.
- Establish a mechanism to ensure the quality, reliability, and accuracy of program information and data.
- Provide detailed information of the impact of the compact and its relationship with the expected outcomes of its components.
- Explain in detail how the evaluation of the larger impacts of the Compact projects will be conducted.
- Provide reliable and accurate programmatic information and data for evidence-based decision making that could inform future expansions or modeling for subsequent replication.

### **4 Project Description**

#### **4.1 Program Logic**

The diagram below illustrates the relationship of the Compact goal, objectives and outcomes. It shows the chain of impact expected when project components are implemented as planned and how they will contribute to achieving the long-term goal of reducing poverty through economic growth.

## Poverty Reduction through Economic Growth

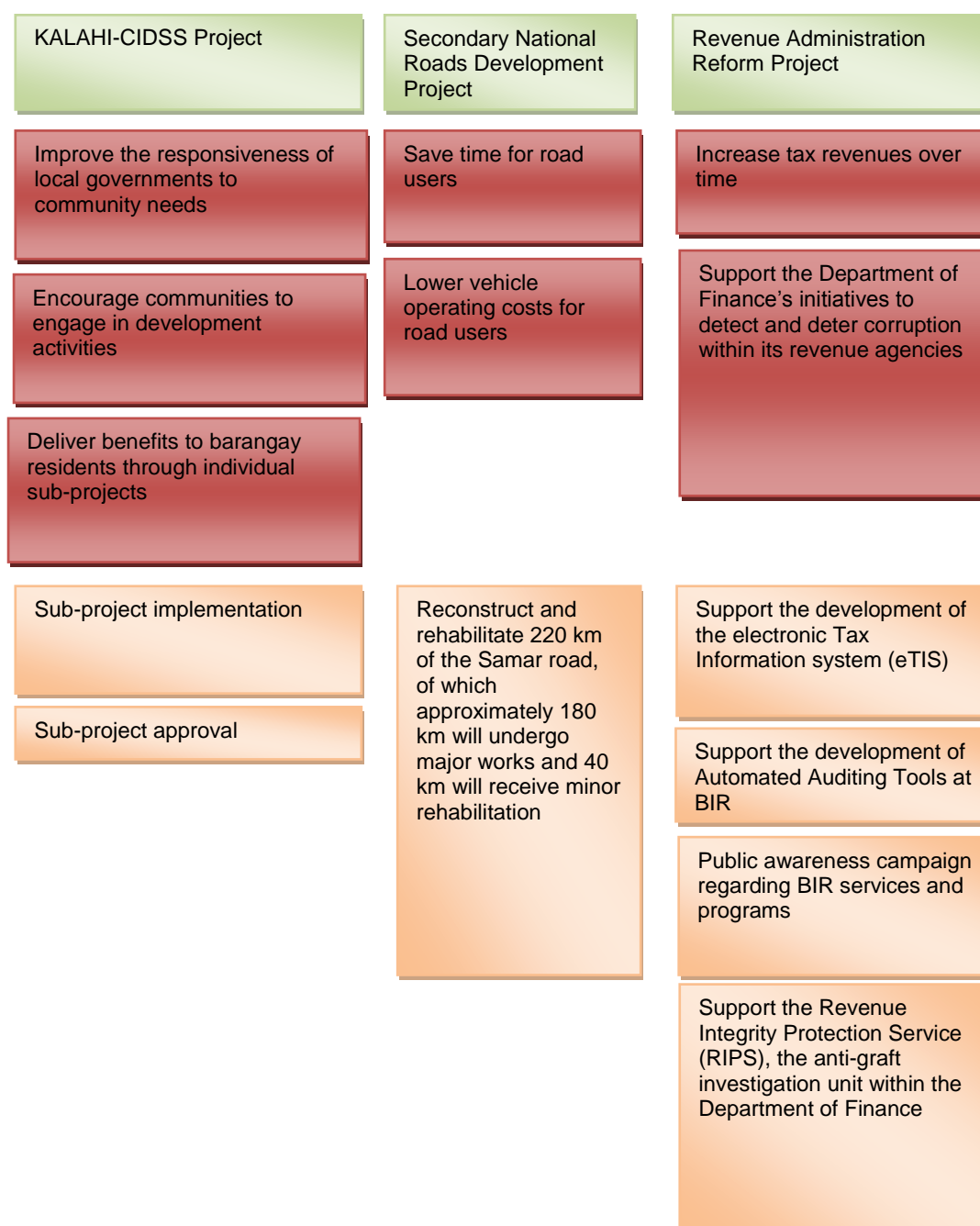


Figure 1: Program Logic

Decisions as to what projects to support were based on a rigorous analysis of economic rate of return of the projects proposed by the Philippine Government, which were also contained in the Government's medium-term development plan. Increased social sector spending, improvements of basic infrastructure, and improvements to governance were some of the priorities identified. This was validated by the consultative process at the national, regional, and local levels conducted from early 2007 – 2009.

The Compact program is expected to enable the Government to spur economic growth and reduce poverty by making high-priority expenditures, improving the targeting of government

initiatives towards the poorest regions and municipalities of the country, and increasing government revenues for sustainability.

## 4.2 Program Beneficiaries

The investments that will be made on the three projects are expected to benefit approximately 126 million Filipinos by the end of the projects' 20 year life span. The methodology used to estimate this number was culled from the Retrospective Beneficiary Analysis conducted on behalf of the compact. This is shown in Table 1

Table 1: Methodology for Estimating Beneficiaries and Estimates of Beneficiary by Year 20

Project Activity	Estimation Methodology	Estimated Beneficiaries	
<b>Kalahi-CIDSS Project</b>	Members of the affected communities where the project will occur, estimated as the average number of beneficiaries for each type of subproject, weighted by expected distribution of subprojects, and multiplied by the total number of subprojects to be funded. Analysis of a prior phase of KC supported by the World Bank provided the data.	5,215,000	125,822,000
<b>SNRDP</b>	75% of population living within the municipalities that the road will pass through estimated from census data.	282,000	
<b>Revenue Administration Reform Project</b>	People who make use of government public spending such as roads, education, health care, etc. We assume that this will be 85% of the population throughout the 20 year lifespan, because, some Filipinos do not have access to certain basic services, and many of the wealthy choose to pay for private services.	125,000,000	

## 4.3 KALAHI-CIDSS Project

### 4.3.1 Overview and Economic Rationale

The Philippines lags significantly behind other countries in the region with respect to government development expenditures as a percentage of GDP and infrastructure investment and quality. The Asian Development Bank's 2007 growth diagnostic report found that inadequacies in infrastructure are a critical constraint to growth and that the availability of basic infrastructure (water, sanitation, roads, electricity) is regressive. Provision and use of education and health services were found to vary across regions, particularly as a function of incomes.

Community driven development projects are a strategy for addressing these constraints and providing community empowerment and poverty reduction. In the past, they have been used to support a wide range of community priority needs including provision of water supply and nutrition programs for women and children; building of school classrooms, day care and health facilities, farm to market roads, foot bridges, and drainage systems; and support for productive enterprises such as pre- and post-harvest facilities as well as community capacity building.

KALAHI-CIDSS is a community driven development project implemented by DSWD of the Philippines. Through KC, communities ("barangays" or villages) are trained, together with their local governments, both at the barangay and the municipal level, to choose, design and implement sub-projects that are intended to address their most pressing needs. This is done through a three-year, three-cycle program, which includes "social preparation" training for communities, barangays, and municipalities, and sub-project implementation. The KALAHI-CIDSS project to be funded by MCC is an expansion of an initial KALAHI-CIDSS project

(“KC1”) that was implemented between 2003 and 2010. KC1 was funded by a loan from the World Bank.

### **4.3.2 Objectives**

The objectives of the KALAHI-CIDDS project are:

- (i) Improve the responsiveness of local government to community needs
- (ii) Encourage communities to engage in development activities
- (iii) Deliver benefits to barangay residents through individual sub-projects

### **4.3.3 Activities**

The KALAHI-CIDSS Project will cover municipalities that have a poverty incidence higher than the national average and that are not in the Mindanao island group. The KALAHI-CIDSS Project consists of the following Activities:

#### **4.3.3.1 Capacity building and implementation support activities**

MCA-P will support DSWD in providing the staff salaries, logistical support and training for the DSWD frontline workers, known as the area coordinating teams. The role of the area coordinating team is to carry out the “Community Empowerment Activity Cycle” (CEAC). This framework follows a progression of strategies and activities as a gradual “hand off” to local government of responsibilities taking place over the course of three cycles. During each cycle, barangays hold a series of meetings that are facilitated by members of the area coordinating team. These meeting will help barangay residents identify and prioritize constraints to economic activities within their communities and then identify and prioritize solutions to these constraints. Finally, the barangay selects one constraint and associated solution for presentation by elected community representatives to the “Municipal Inter-Barangay Forum” (MIBF). Two MIBF are held at the municipal level; the first to determine the criteria by which the community representatives will prioritize the barangay sub-projects for funding, and the second to prioritize them according to such criteria. At the conclusion of each of the three cycles of sub-project implementation, there is a transition and reporting period. The entire CEAC process is facilitated by the area coordinating team, with various team members responsible for ensuring that processes are transparent and in accordance with the KALAHI-CIDSS Project manuals as revised by MCA-P. This Activity also supports the existing grievance redress system.

#### **4.3.3.2 Grants for community projects activity**

DSWD will plan and implement community-chosen sub-projects in accordance with the KALAHI-CIDSS Project manuals approved by MCA-P. Specifically, the KALAHI-CIDSS Project provides grants for livelihood activities and the construction, repair and improvement/upgrading of small-scale rural infrastructure sub-projects identified by the community. The municipalities and barangays in which sub-project activities will occur will provide cash and in-kind contributions (including partially-paid labor and local materials) to the sub-projects equal to at least 30 percent of the total sub-project costs. The grant allocated to the municipal local governments to fund sub-project implementation is proportionate in size to the number of barangay within that municipality. Suppliers and contractors will be selected according to the procedures in the “Community-Based Procurement System” (CBPS). This procurement system was specifically designed for implementing the KALAHI-CIDSS Project taking into account the nature of the procurements, the local market conditions and the local capacities. At the community level an “Audit and Inventory Committee” is responsible for auditing the financial records and reports of the community and conducting a regular inventory of all assets acquired by the community. The community’s books and records are open at all times to all members of the community for inspection.

Communities will have the opportunity to select from a variety of sub-projects, which will involve the selection, design, and construction of small infrastructure sub-projects. DSWD—in cooperation with local governments—will build the capacity of communities through training, provide guidance, and oversight throughout the process. In cooperation with DSWD, MCA-P will create a detailed risk profiling system for sub-projects and a complementary risk-based management approach to oversight that may affect the way that the grants are spent within the Grants for community project Activity.

#### **4.3.3.3 Project management activity**

MCA-P will provide DSWD with institutional and capacity-building support by funding the salaries, logistics and training for DSWD project management staff at the regional and national level. These may come in the form of office space, conferences, computer and vehicles as well as project monitoring associated with the project management activity. Goods to support this activity will be procured by MCA-P.

### **4.4 Secondary National Roads Development Project**

#### **4.4.1 Overview and Economic Rationale**

Road transportation is the dominant transport mode in the Philippines, accounting for 53 percent of freight ton-kilometers and 89 percent of passenger ton-kilometers. The Philippines has a total road network of about 200,000 km, including about 29,000 km of national roads. Approximately 79 percent of the national arterial roads are paved, and 48 percent of these require rehabilitation.

Inter- and intra-island transport systems have a crucial role in supporting the economic development of the widely dispersed regions of the Philippine archipelago. However, the present inadequate condition of infrastructure facilities and lack of reliable, safe, and efficient transport services significantly hamper the movement of passengers and cargo throughout the country, thus limiting direct internal and external trade links, and tourism, as well as accessibility to education and health facilities thereby and constituting a major constraint to increased regional economic growth.

#### **4.4.2 Objectives**

The objectives of SNRDP are:

- (i) to save time;
- (ii) to lower vehicle operating costs

#### **4.4.3 Activities**

MCA-P will fund the reconstruction and rehabilitation of 220 km of the Samar road crossing the provinces of Samar and Eastern Samar. MCA-P will also fund the replacement or upgrading of associated structures, such as bridges and culverts, to eliminate flooding and improve road safety. The road begins at the junction of Highway-Buray Wright (km 827+200) in Samar, and traverses eastward along primarily mountainous terrain to Taft (km 890+000). From Taft, it continues southward, along the coastline of Eastern Samar, ending in the town of Guiuan (km 1047+300). The section of road from Wright to Taft is an important east-west corridor providing inter-provincial connection between Samar and Eastern Samar. The section of the road from Taft to Guiuan provides the only access to 13 coastal municipalities. The capital of Eastern Samar, Borongan, is located centrally on this section of the road.

- (i) Construction costs. These costs include pavement rehabilitation and strengthening, embankment construction, road safety improvements, replacement or upgrading of associated structures, such as bridges, drainage systems and culverts, and any activity associated with the environmental management plan developed for SNRDP.

- (ii) Non-construction costs. These costs include studies, construction supervision, environmental and social mitigation (including resettlement), and other project management costs and technical assistance to be incurred in connection with SNRDP.

## **4.5 Revenue Administration Reform Project**

### **4.5.1 Overview and Economic Rationale**

RARP addresses two problems: the need to raise tax revenues and the need to reduce tax evasion and revenue agent-related corruption. A key constraint to economic growth in the Philippines is the lack of fiscal space<sup>2</sup> for growth-enhancing investments in public goods such as infrastructure and social services (e.g., education and health). The project will increase the efficiency and sustainability of revenue collection through a redesign and computerization of business processes with a focus on the Bureau of Internal Revenue within the Department of Finance (DOF) and, thereby, help to relieve some pressure on the government's fiscal position.

In addition, there is a direct link between perceptions of inadequate control of corruption and the persistently low level of private investment in the Philippines. The current enabling environment makes it difficult to realize profits from investments of any size – as a result, poor people may choose to consume more than invest, and wealthy people may send their savings overseas where they can more reliably receive higher returns. The Project will also support the anti-graft unit within the Department of Finance.

### **4.5.2 Objectives**

The objectives of RARP are:

- (i) to increase tax revenues over time
- (ii) to support the Department of Finance's initiatives to detect and deter corruption within its revenue agencies.

### **4.5.3 Activities**

The Project consists of two Activities:

- (i) an Activity focused on BIR's efforts to re-engineer its policies and practices and to implement the electronic Tax Information System ("eTIS"); and
- (ii) an Activity focused on supporting the Philippines' Revenue Integrity Protection Service ("RIPS") the anti-graft investigation unit within the Department of Finance.

In turn, the BIR-focused Activity will consist of three sub-activities as further described below:

- (i) the implementation of eTIS;
- (ii) the utilization of automated auditing tools in the large taxpayer unit; and
- (iii) a public awareness campaign to disseminate information about BIR's reform and enforcement activities.

#### **4.5.3.1 BIR revenue administration reform activity**

- (i) eTIS sub-Activity

MCA-P funding will provide an International Monetary Fund ("IMF") resident advisor on tax administration and support the cost of short-term IMF tax administration specialists as well as other systems and technology consultants, the training of BIR staff, and the procurement of equipment related to the implementation of eTIS.

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<sup>2</sup> The severity of the constraint is underscored by levels of public sector infrastructure investment and government development expenditures (as a percentage of GDP) which are among the lowest in Southeast Asia.

(ii) Automated Auditing Tools sub-Activity

MCA-P will purchase software licenses for automated auditing tools and provide computers to run them. It will also pay for a subscription to a data base service to provide BIR with transfer pricing information and provide training for the use of these tools.

(iii) Public Awareness Campaign sub-Activity

Funding will be provided for consulting services and to support the costs of implementing a public awareness campaign regarding BIR services and programs. Individuals and businesses in the Philippines have a limited understanding of their tax obligations and BIR programs. Under this sub-activity would also include a change management program for the internal organization of the BIR.

#### **4.5.3.2 Revenue Integrity Protection Service (“RIPS”) activity**

Funding will be provided for the acquisition and customization of case management software, a related data depository system, and training. This will support RIPS, a relatively new unit within the Department of Finance, and is intended to strengthen surveillance and discipline of the Department of Finance and its attached agencies through administrative actions such as temporary suspensions or dismissals.

## **5 Monitoring Component**

The Compact will be monitored systematically and progress reported regularly through the indicator tracking table (ITT). There are five levels of monitoring that follow from the program logic framework:

- (i) Impact (goal indicators);
- (ii) Objectives;
- (iii) Outcomes;
- (iv) Outputs; and,
- (v) Process milestones.

The various indicator levels map to the logical framework and thus allow Project developers and managers to understand to what extent planned activities are achieving their intended objectives.

### **5.1 Indicators**

The M&E plan is framed and constructed using the program logic framework approach that classifies indicators as process milestones, output, outcome, objective, and impact (goal indicators).

- Goal indicators monitor progress on Compact goals and help determine if MCA-P and MCC are meeting their founding principle of poverty reduction through economic growth.
- The Objective indicators measure the intermediate or long-term effects on an intervention's outputs.
- Outcome indicators measure intermediate or medium-term effects of an intervention's Outputs.
- Output indicators measure the direct result of the project activities—most common of these are goods or services produced by the implementation of an activity.
- Process Milestones record an event or a sign of progress toward the completion of project activities. They are a precursor to the achievement of Project Outputs and a way to ensure the work plan is proceeding on time to sufficiently guarantee that outcomes will be met as projected.<sup>3</sup>

The rationale for monitoring as discussed in the purpose section of this document is to keep a focus on progress towards targets as specified in the Compact.

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<sup>3</sup> The indicator levels are formally defined in MCC's *Policy for Monitoring and Evaluation of Compacts and Threshold Programs*.

MCC has introduced common indicators for external reporting across all MCC Compacts. MCC sector experts have developed these indicators to document sector level progress relevant to different project activity types. The common indicators relevant to the MCA Philippines Compact are included in this M&E plan.

Much effort has been devoted in the development of this Plan in the participatory selection of indicators with Implementing Entities. The resulting set of agreed indicators is shown in the Indicator Definition Table. The Indicator Definition Table provides relevant details for each indicator by Project and can be found in Attachment 4. It provides descriptions for the indicator structure by specifying each indicator's:

- (i) name;
- (ii) definition;
- (iii) unit of measurement;
- (iv) data source;
- (v) method of collection;
- (vi) the frequency of collection; and
- (vii) party or parties responsible.

To ensure that the Program is on track to meet its over-all Goals and Objectives, the monitoring indicators will be measured against established baselines and targets, derived from ex-ante economic rate of return analysis, other types of analysis, and project planning documents. The targets reflect the underlying assumptions made in program design about what each activity would likely achieve. Baselines and target levels for each indicator are defined in Attachment 4.

Indicators may need to be modified in future versions of the M&E Plan. Annex III of the Compact outlines the impact-, objective-, outcome- and output-level indicators. The M&E Plan refines these indicators and also introduces process milestones developed by MCA-P project managers and implementers in the early stage of project implementation. The M&E Unit shall consult and assist in setting up each implementer's monitoring plan.

Modification and revisions to the indicators may only be made according to the MCC M&E Policy.

### **5.1.1 Indicator Definition**

This M&E Plan provides a succinct description of each indicator in Attachment 4. The definition of the Outcome and Objective indicators was driven by the M&E Units of MCC and MCA-P in close coordination and are derived from Compact documents, the economic analysis, participatory exercises with stakeholders', from national strategies and sector papers including the Philippine Development Plan, and statistics published by the National Statistical Coordination Board (NSCB). The definitions for Output and Process indicators are derived from Compact documents, Implementing Entities and implementers' work plans, and MCC external reporting requirements.

### **5.1.2 Data Sources**

Data sources have been identified and vetted for all the indicators listed in Attachment 4. Generally, monitoring data will be obtained from various primary sources, ranging from Implementing Entities and Service Providers to the MCA/MCC surveys. In addition, the MCA-P M&E unit may obtain secondary data for the high level (Objective and Impact) indicators from the relevant government agencies including National Statistical Coordination Board (NSCB).

### **5.1.3 Method of Data Collection**

The data for many objective and outcome indicators will be drawn from surveys conducted by MCA-P in conjunction with Implementing Entities and Service providers while the lower-level indicators will be drawn from the Project implementers' records. Indicators will be reported through a Management Information System (MIS). Data will be reported to MCA-P on a monthly, quarterly, or annual basis, depending on the indicator's requirements. To ensure this, MCA-P will set proper cooperation and collaboration with Implementing Entities and Contractors by putting necessary requirements for Contractors to develop and put in place proper reporting mechanisms, including potentially connection to MCA-P' future MIS.

Where and if necessary, MCA-P will commission surveys to collect special data in coordination with the institutions in charge of each project area. Data collection instruments (including surveys, data collection forms and registries) will be designed in a participatory manner with the dedicated teams of the relevant Implementing Entities. In order to provide for the specific needs of evaluations, Impact Evaluators shall be involved in the design of the surveys, including in setting the survey strategy, designing questionnaires and helping in the development of Terms of Reference (TORs) for survey contractors. Beneficiary registries, kept by implementers, may serve as one source for the sample frames. Therefore the M&E Unit will need to coordinate with the projects to ensure these registries are sufficiently designed to serve as sample frames.

### **5.1.4 Frequency of Data Collection**

During the Compact period, data will be collected on a monthly, quarterly or annual basis, depending on the indicator.

Some of the contractors and Implementing Entities will be required to report on project milestones and outputs quarterly, and the others annually. Those arrangements will be recorded in the respective contractor's TORs and Implementing Entity Agreements. Decision on frequency will be taken for each individual implementation agreement to reconcile MCA-P need for fresh data with administrative burden and cost efficiency.

## **5.2 Baselines and Performance Targets**

The baselines and targets for each indicator are shown in Attachment 4. Targets are derived from

- 1) the initial economic analysis used in justifying Program investments,
- 2) project documents,
- 3) discussions with experts and consultants, and
- 4) implementation work plans.

Baseline figures should be established using the most current and appropriate data available prior to an Activity's implementation. This can include baseline surveys, government surveys such as those conducted by the National Statistical Coordination Board (NSCB), and other organizations' records. If baseline figures are revised from those used in the economic analysis, the Activity's targets, should be revised accordingly. Any revision of baselines and targets must adhere to MCC's policies regarding baseline and target revisions and will require MCC's formal approval.

### **5.2.1 Disaggregation of Data**

Where applicable, the data will be collected, analyzed, and reported by income level, gender, and age groups of beneficiaries in order to portray the benefits accruing to the different constituencies of the population. This information will be public and will be available on the MCA Philippines web page.

Attachment 5 identifies which indicators should be disaggregated, to the extent that it is feasible and cost-effective. Select disaggregated figures identified in Attachment 5 will be reported to MCC in the quarterly Indicator Tracking Table.

## 5.2.2 Pending Baselines and Targets

A number of each Project's indicators baselines and targets are currently pending, particularly for lower level output and process indicators. The majority of these baselines and targets will be established once the different baseline studies are completed. Others are pending and data will be updated once implementation contracts are awarded and contractors have presented their work plans.

## 6 Evaluation Component

### 6.1 General Approach to Evaluation and Surveys

Evaluations assess as systematically and objectively as possible the Program's rationale. The evaluations will strive to estimate the impacts on the targeted beneficiaries and wider regional or national economy, when applicable. The evaluations will provide MCC, MCA-P and other stakeholders with information at the Compact's end or post-Compact on the impacts that are attributable to the Program.

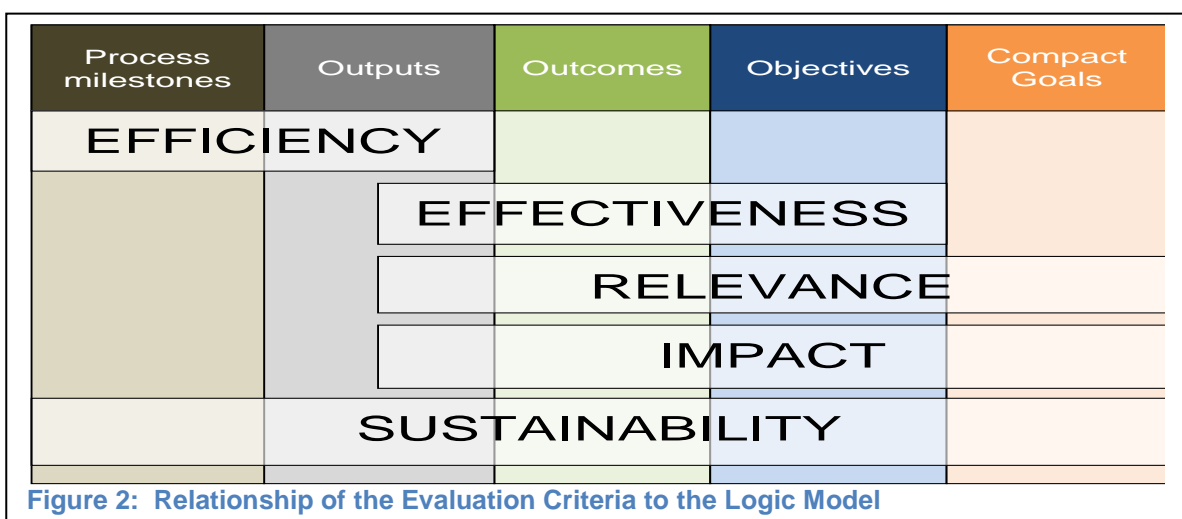
The evaluation strategy will be based upon scientific models that ensure the advantages of accuracy, and objectivity. These models will comprise experimental and quasi-experimental designs as well as statistical modeling. Methodologies will be selected considering cost-effectiveness.

#### *Evaluation Criteria*

The Compact will utilize a standard set of criteria based on global best practices in evaluation. This set includes:

- (i) Relevance – The measure of the extent in which the interventions address the needs of the beneficiaries and stakeholders
- (ii) Effectiveness – The measure in which the projects are achieving its stated goals
- (iii) Efficiency - The measure in which the projects uses resources in the most economical and timely manner to achieve its goals
- (iv) Impact – The measure of the results of the intervention -- intended and unintended, positive and negative -- social, economic, and environmental effects on beneficiaries
- (v) Sustainability – The measure in which the projects and its impact will continue after the external support is withdrawn.

These five criteria will be used in all the three projects under the Compact. The relationship of the Evaluation Criteria to the logic model is shown in Figure 2 below.



### *The Respective Roles of MCA-Contracted Evaluations and MCC Impact Evaluations*

Both MCC and MCA Philippines will fund evaluations of the Philippines Compact from their respective budgets. MCA Philippines will fund Ad Hoc Evaluations and Mid-Term/Final Evaluations. MCC will fund Impact Evaluations of every Project.

The roles of the various evaluations are different but they are intended to be complementary. The primary difference is the source of funds and the respective scopes. Methodologies also tend to differ though not necessarily. Common differences for each evaluation are noted in the following sections. The table below highlights some key differences.

**Table 2: Common Differences among Evaluations Types**

	<b>Mid-Term and Final Evaluation</b>	<b>MCC Impact Evaluation</b>	<b>Ad Hoc Evaluations</b>
<b>Main Objective</b>	Evaluate Compact progress and results in a comprehensive manner	Establish impacts against a modeled counterfactual	Address short-term information gaps
<b>Methodologies</b>	<ul style="list-style-type: none"><li>• Interviews</li><li>• Case studies</li><li>• Statistical analysis of primary data</li><li>• Summaries of secondary data (including Impact Evaluations)</li></ul>	<ul style="list-style-type: none"><li>• Experiments</li><li>• Quasi-experiments</li><li>• Advanced statistical analysis</li></ul>	(varies)
<b>Strengths</b>	<ul style="list-style-type: none"><li>• Broad survey of all issues</li><li>• Focus on implementation issues</li></ul>	<ul style="list-style-type: none"><li>• Attempts to establish attribution</li><li>• Focus on high level results (impacts)</li><li>• Use of highly specialized researchers</li><li>• Quantitative focus</li></ul>	<ul style="list-style-type: none"><li>• Executed quickly</li><li>• In depth analysis of a single issue</li></ul>
<b>Funding</b>	MCA Compact	MCC administrative budget	MCA Compact

#### **6.1.1 Mid-term Evaluation**

The Mid-term Evaluation will assess progress towards meeting the Compact goals, objectives and outcomes. It will provide early lessons learned and identify significant discrepancies between expected results and actual achievements, including an analysis of these discrepancies. The specific purposes of the mid-term evaluation will be as follows:

- To assess the actual implementation of activities compared to original implementation plans. An account of “actual” compared to “designed” activities will help inform the final evaluation by defining what the intervention in fact was;
- To examine what aspects of the program components are most and least effective;
- To assess implementation progress and help MCA Philippines identify actions that will lead to successful implementation.

#### **6.1.2 Final Evaluation**

The Final Evaluation will be a major component of the Compact Completion Report (CCR). The CCR is the close-out report required by MCC; the CCR will require reporting from several units within MCA-P, not only M&E. The Final Evaluation is the portion of this report which is contributed by the MCA M&E unit.

The Final Evaluation will assess the actual results of the Program against the Compact goals, objectives and outcomes. The emphasis of the evaluation will be to assess how Compact activities have affected poverty and economic growth, while also examining the more general

impact of the Program and the sustainability of the projects. Therefore the final evaluation will include the following issues:

- In what ways and to what extent has the Compact program made a positive impact on poverty reduction and economic growth;
- To what extent were the planned objectives achieved for the program;
- Effectiveness of program activities: Which of Compact program components were the most effective? Why? Which program components were the least effective? Why?
- Reasons behind the success or failure to achieve goals, objectives and targets;
- Unintended results of the program (positive and negative);
- Long-term sustainability of results;
- Re-estimated economic rates of return, comparisons to original estimates, and assessment of differences;
- Lessons learned applicable to similar projects;

### **6.1.3 MCC Impact Evaluations**

One of the key features of MCC's approach to development assistance is its strong commitment to conducting rigorous impact evaluations to find out more largely whether the Compact had the desired effects on individuals, households, and institutions and whether those effects are attributable to the program intervention. Impact evaluations will also explore the distribution effect or the extent to which project benefits reach the poor and the impact that these benefits have on their welfare. Impact evaluations will employ, whenever possible, methodologies that determine whether results can be reliably attributed to MCC funded interventions through a control group or 'counterfactual'.

To ensure impact evaluations are of a high quality, MCC directly procures and funds the impact evaluation teams.

#### **6.1.3.1 KALAHI-CIDSS evaluation**

- Socio economic impact

*Key Questions:*

- i. How did the project affect living standards of the beneficiaries?
- ii. What is the sustainability prospect of the impact?
- iii. What is the quality of the infrastructure, services or economic activity that were funded?
- iv. How effectively did the subprojects reach the poor and the vulnerable in the communities?
- v. How does the project costs compare to other similar projects undertaken by other institutions?

- Social capital Impact

*Key Questions:*

- i. Did project engagements at the local level increase community trust levels?
- ii. How participatory are the community decision-making process? Did the participatory nature of the project allow the marginalized groups more voices in the decision-making process?
- iii. Did community engagement and ownership increase the likelihood of sustainability?
- iv. How well did the project reflect the priorities of the targeted communities and beneficiaries?
- v. Were the environment and gender issues addressed properly?

- Institutional Impact

*Key Questions:*

- Did the project improve the allocation/sourcing of funds to LGUs?
- How well did the project promote the adoption of the values, methods, processes and skills by the LGUs?
- What is the effect of the project on the local/national budget procedures?

Table 3: Proposed Indicators for KALAHI-CIDSS Evaluation	
Categories	Indicators
Socio economic Impact	<p>Core</p> <ul style="list-style-type: none"> <li>• Poverty indicators</li> <li>• Labor indicators</li> <li>• Distribution of resources per socio-economic groups</li> <li>• Unit costs (per type of subproject)</li> <li>• Average cost per beneficiary</li> <li>• Average completion time</li> <li>• Maintenance schedule and levels</li> </ul> <p>When Relevant (based on aggregate of subprojects developed under each strand)</p> <ul style="list-style-type: none"> <li>• Water and Sanitation <ul style="list-style-type: none"> <li>○ Individuals with access to improved sanitation</li> <li>○ Incidence or severity of water-borne diseases</li> <li>○ Population with access to improved water supply</li> </ul> </li> <li>• Education <ul style="list-style-type: none"> <li>○ Number of students enrolled in MCC-supported education activities</li> </ul> </li> <li>• Health <ul style="list-style-type: none"> <li>○ Health facility use</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>• Membership in local associations and networks <ul style="list-style-type: none"> <li>○ density of associations (% of households participating in local organizations)</li> <li>○ incidence of household membership (avg. # of memberships per household)</li> <li>○ inclusiveness (internal diversity of association's membership)</li> </ul> </li> <li>• Measures of solidarity, trust and adherence to norms <ul style="list-style-type: none"> <li>○ extent to which one trusts people overall</li> <li>○ extent to which households receive or would receive assistance from members in case of emergencies</li> <li>○ numbers of disputes</li> </ul> </li> <li>• Indicators of collective action <ul style="list-style-type: none"> <li>○ frequency of collective decision-making and action</li> <li>○ ability to demand services from local government institutions</li> <li>○ increased demand for "corruption-free" services</li> <li>○ alignment of ex post project delivery with ex ante expressed preferences of beneficiaries</li> </ul> </li> </ul>
Institutional Impact	<ul style="list-style-type: none"> <li>• Changes in local level decision-making</li> <li>• Adoption rate KC processes, methods, and procedures by LGUs</li> <li>• Maintenance of subprojects</li> <li>• Recurring cost coverage</li> <li>• Aggregate amount of beneficiary cost-sharing</li> <li>• Evolution of donor support for social activities implemented by government</li> </ul>

### *Evaluation methodology*

The evaluation methodology is a lottery among eligible municipalities within a province. The municipalities were paired with a similar municipality and then one of the pair was drawn in the lottery to receive the KC Project. Pairings are done based on four variables; poverty incidence, land area, number of Barangays, and population density. A baseline survey will be conducted in the early stage of the KALAHI-CIDDs project, as well as a midterm survey and an endline survey.

To estimate the magnitude of the effects of the intervention, the project will rely on counterfactual, i.e. the municipalities that received KC will be compared to those that did not receive the project both before and after the intervention. By comparing the average changes in the treatment group to that of the control group, it is hoped that the observed outcomes can be attributed to the project.

The main challenge is addressing the bias between the treatment and the control groups. There are two types of bias that might distort the result of the evaluation. Observable factors are those that can be measured using data instruments and then accounted for when measuring impact. Unobservable factors are those that might be difficult to measure or observe. Example of these includes social capital, organizational capacity, and community motivation. Care must be exercised when conducting the evaluation so that under or over estimations of results are prevented. Another challenge is accounting for exogenous factors that might positively or negatively affect the beneficiaries and distort the measurement of impact. By combining baseline data with group comparison methodologies, it is hoped that the credibility of the evaluation will also improve.

Quantitative and qualitative methods will be employed to estimate impact. Quantitative methods will enable 1) generalization from a small representative sample, and 2) assessment of causality of impact. Qualitative methods on the other hand will enable the assessment of behavior, processes, and conditions. By combining both methods, it is hoped that the evaluation will be more comprehensive and insightful.

The MCC Impact Evaluation Consultant in consultation with MCC and MCA-P will finalize the evaluation design early in Year 1 of the Compact.

### *Data sources*

The main data source for the evaluation will be a household survey conducted at the baseline, midline and after the project is completed. The same households will be surveyed in each round; in other words, this will be a panel dataset. In addition different qualitative data gathering will happen, such as focus groups.

### **6.1.3.2 SNRDP evaluation**

#### *Key Questions*

- i. Did the road project improve the living standards of the communities where it passed through?
- ii. What is the quality of the infrastructure created?
- iii. Was the project cost effective, analyzed through re-estimated economic rates of return, comparisons to original estimates, and assessment of differences?

### *Evaluation Methodology*

The evaluation methodology will use a simple single difference (before and after) comparison that will only monitor the changes in the project areas. HDM-4 will be used in conducting the economic evaluation of the SNRDP project. HDM-4 is a software that monetizes time savings and vehicle wear and tear based on the road condition. It calculates reduced vehicle operating costs, reduced journey times, and changes in road maintenance costs.

### *Data*

SNRDP is divided into two packages with three sections each. Data about road condition will be captured by the Implementing Entity immediately after a section has been finished. The quality of the work with respect to the contract documents, detailed designs, and specifications will be captured as a monitoring component.

### *Reporting*

Reporting of monitoring data will strictly follow the milestones and deadlines that will be established during the design stages. Final evaluation of the road projects is expected to commence in early 2016.

### **6.1.3.3 RARP evaluation**

#### *Key Questions*

- i. To what extent have the automated systems introduced by MCA-P been implemented in the Department of Finance (DOF) and Bureau of Internal Revenue (BIR)?
- ii. How has this automation affected number of returns filed and number of audits?
- iii. What is the staff feedback on these systems?
- iv. What is the change in the perception of corruption within the DOF?
- v. What is the effect of the RIPS activity on number of personnel charged/complaints investigated that result in disciplinary action?
- vi. How has the tax gap improved?

#### *Evaluation Methodology*

The evaluation will compare outcomes of interest, listed above, before and after project intervention.

### *Data*

The evaluation will use monitoring data along with interviews of firms or individuals that do business with the Bureau of Internal Revenue. In addition, employees of the Department of Finance will be interviewed about their use of the automated systems and their perceptions of corruption.

### **6.1.4 Ad-Hoc Evaluation and Special Studies**

MCC or MCA-P may request ad hoc evaluations or special studies of Projects, Project Activities or the Program as a whole prior to the expiration of the Compact Term to be conducted by external parties in compliance with the MCC Program Procurement Guidelines.

Ad Hoc Evaluation and Special Studies are designed to provide MCA-P management and staff, project implementers, beneficiaries, and other stakeholders with performance information about Program implementation and results that will not be solely generated from performance monitoring or Impact Evaluation.

Some of the proposed studies that may be undertaken are as follows:

- Gender Study which is expected to gather and examine qualitative data to determine the extent of women participation in project implementation; and benefits that men and women derived from the projects (e.g. equal access to opportunities) among others.
- Stakeholders Perception Survey and Social Audit which is intended to solicit and examine feedback from Stakeholder Committee members of the MCA-P and representatives from civil society organizations and private sector with regard on how the three projects impact

on the target beneficiaries. In addition, the study also aims to determine how the Compact Program promotes transparency, accountability, participation and rule of law.

- Implementing Entity Satisfaction Study which is designed to generate information on how satisfied the different Implementing Entities that are working with MCA-P, and areas for improvements that need to be addressed to ensure smooth implementation of the Compact Program
- Technical studies related to the Environmental and Social Performance of Compact activities. These may include a study of any or all of the following:
  - Effectiveness of the Thematic Environmental Management System used in the KC Project (e.g., benefits of sustainably sourced building materials or improvement in water quality from water and sanitation projects);
  - Effectiveness of the Resettlement Action Plan associated with the SNRDP; and/or,
  - Post-construction study on the social and environmental impact of SNRDP road development.
- Engineering technical audits of KALAHI-CIDSS infrastructure projects (i.e., day care centers, health centers, school buildings, roads and water systems) may be undertaken. These technical audits will provide cross-agency comparisons in terms of such variables as cost; quality (i.e. materials used, structural integrity, space, inclusion of facilities such as toilets for day care centers, schools and health centers and birthing space and equipment for the latter); compliance with climate change adaptation-friendly materials such as energy saving lights; forward benefits to community such as employment of local laborers; and, efficiency (i.e. length of construction time)

## **7 Implementation and Management of M&E**

### **7.1 Reporting Requirements**

Performance reports serve as a vehicle by which the MCA-P Management informs MCC of implementation progress and on-going field revisions to Project work plans. Currently, MCC requires that MCA-P submit a Quarterly Disbursement Request Package (QDRP) each quarter. The QDRP must contain a quarterly **Indicator Tracking Table** (ITT) which tracks progress against indicators in the M&E Plan. Guidance on fulfilling these reporting requirements is available on the MCC website at: (<http://www.mcc.gov/pages/countrytools/tools/compact-implementation> ).

To sustain this system, the Implementing Entities will be required under this M&E Plan to report on the degree of Project performance under their portfolios, as further demonstrated in Attachment 4.

At the end of the Compact, MCA-P will prepare a Compact Completion Report (CCR). The CCR shall be prepared according to guidelines provided by MCC.

### **7.2 M&E Work Plan**

One of the key instruments of this M&E Plan is the M&E Work Plan, which establishes the timeline for all Monitoring and Evaluation activities. Since the work plan is a planning tool in a dynamic Compact implementation environment, annual or quarterly revisions are expected. Such revisions will be discussed with MCC. Because of the dynamic nature of the work plan, it is not presented as a part of this M&E Plan.

### **7.3 Management Information System**

Monitoring and evaluation (M&E) is an integral component of any successful project. Results of the M&E help MCA-P, its Board of Trustees, Stakeholders Committee, Auditor, and Management Team, Implementing Entities which include the Department of Public Works and Highways (DPWH), Department of Social Welfare and Development (DSWD), Bureau of Internal Revenue

(BIR) and the Department of Finance-Revenue Integrity Protection Service (DOF-RIPS), beneficiaries, and other stakeholders know the progress being made towards the achievement of objectives and results.

The implementation and management of M&E will be greatly enhanced and improved by a fit-for-purpose Management Information System (MIS). MCA-P envisaged an MIS that will assist in the collection, analysis and dissemination of information on targets and outcomes specific to the Compact.

It is expected that a comprehensive Management Information System (MIS) will be developed for all of MCA-P. As planned, M&E MIS needs will be met through this system. Specifically, the following functionalities are planned for the M&E portion of the system:

- Capture
  - Advance form processing for data submitted via web pages
  - Advance parsing for data uploaded using other file format
  - Advance aggregation to enable scheduled/automatic capture of data from other information system
- Management
  - Document and records management functionalities which can provide check-in/check-out, version management and archiving functionalities. Search and retrieval function should be able to use faceted searching techniques
  - Manual and automated indexing facilities using Dublin Core, IIIE standards or other industry-standard metadata.
  - Collaboration widgets/technologies available on-demand
  - Ability to seamlessly integrate with industry-leading web content management systems and Web 2.0 technologies
  - Ability to integrate with other external system
  - Advance workflow management
- Storage
  - Cloud storage with ability to backup in on site physical storage devices
  - Robust data capacity storage that can grow on demand
- Delivery
  - Automated and customizable report preparation
  - Charting ability
  - Ability to export report to PDF and spreadsheet packages
- System Usability - A user interface that adheres to user-centric design principle
- Security
  - Intrusion detection
  - Secure connection
  - Watermarking functionality for reports

The M&E Director will be responsible for ensuring that M&E needs are addressed during the development of the comprehensive system.

Until a comprehensive MIS is developed and functional, the M&E Director will be responsible for establishing and maintaining a basic MIS to meet the requirements of the MCC M&E Policy.

#### **7.4 Data Quality Reviews (DQR)**

Data Quality Reviews will be conducted in accordance with the requirements of the MCC M&E Policy.

The objectives of DQRs are to assess the extent to which data meets the standards defined in the MCC M&E Policy in the areas of validity, reliability, timeliness, precision and integrity. Data quality reviews will be used to verify the consistency and quality of data over time across implementing agencies and other reporting institutions. DQRs will also serve to identify where the highest levels of data quality is not possible, given the realities of data collection.

MCA-P may contract an independent data quality reviewer in compliance with MCC Program Procurement Guidelines. The M&E Officer and other Officers, as appropriate, within MCA Philippines and the IEs should also regularly check data quality. In doing so, MCA-P may hire individual data quality monitors to monitor data collection and quality, as needed. Besides independent DQRs, the MCA-P M&E Unit will also conduct field visits on a regular basis or whenever requested by MCC, to review the quality of the data gathered through this M&E Plan. This exercise will be done in coordination with the respective project stakeholders.

## **7.5 M&E Unit Structure and Responsibilities**

The MCA-P M&E Unit will be part of the MCA Management Team, and will be composed of an M&E Director who will have the key responsibility of leading and managing all M&E activities; and two M&E Specialists who will support the M&E Director in performing the M&E activities. Additionally, the M&E Unit will hire short-term support on an as needed basis. The M&E Unit will carry out, or hire contractors to complete the following and other related activities:

- Direct implementation of all activities laid out in the M&E Plan and ensure all requirements of the M&E Plan are met by MCA-P;
- Ensure that the M&E Plan and ERR analysis are modified and updated as improved information becomes available;
- Oversee development and execution of an M&E system (including data-collection, data-analysis and reporting systems) integrated with the Management Information System;
- Elaborate and document M&E Policies, Procedures, and Processes in an M&E Manual or other format, to be used by all MCA-P staff and project implementers;
- Ensure that MCA-P M and E and project staff, and their counterparts in the four implementing entities have the skills and knowledge to conduct the activities specified in this plan.
- Communicate the M&E Plan and explain the M&E system to all key stakeholders involved in the Compact, particularly project implementers, to ensure a common understanding by all. This could take the form of orientation and capacity building sessions and could focus on issues as:
  - Explaining indicator definitions, data collection methods, and timing/frequency of data collection and reporting,
  - Data quality controls and verification procedures,
  - Impact evaluation questions and methodology, etc;
- Develop and use a documentation system to ensure that key M&E actions, processes and deliverables are systematically recorded. This may be accomplished either as part of the M&E information system or independently. The documentation may encompass the following elements:
  - Indicator data,
  - Changes to the M&E Plan,
  - Key M&E deliverables including TORs, contracts/agreements, data collection instruments, reports/analyses, etc;
- Develop (with the Communication Unit and ESA/Gender officers) and implement a systematic dissemination approach to ensure participation of all the stakeholders, and to facilitate feedback of lessons learned into the compact implementation process;
- Participate in project monitoring through site visits, review of project reports, and analysis of performance monitoring and other data;

- Update the M&E Work Plan periodically;
- Contribute to the design of the impact evaluation strategy;
- Collaborate with the Procurement Director to prepare and conduct procurement of M&E contracts;
- Ensure that data collection mechanisms are designed to collect data disaggregated by gender, age, and other dimensions, as applicable and practical, and that the findings are presented at the appropriate disaggregated level;

The M&E Director will be a part of MCA-P's Internal Management Unit, composed of MCA-P leadership, Project Directors and other Directors. M&E Director will report directly to the MCA-P Deputy Managing Director for Operations and maintain closest cooperation with the Project Directors, and ESA Director. Collaboration with procurement team will be very important to prepare and conduct procurement of M&E related contracts as well as ensuring that other implementation contracts contain necessary data reporting provisions.

Seminars, workshops, elaboration, distribution and dissemination of M&E materials shall be conducted in close cooperation with the Communications Unit and other relevant MCA-P Units.

## **7.6 Review and Revision of the M&E Plan**

The M&E Plan is designed to evolve over time, adjusting to changes in program activities and improvements in performance monitoring and measurement. As necessary, the M&E Director of MCA-P and representatives of MCC M&E staff will review how well the M&E Plan has met its objectives. The review is intended to ensure that the M&E Plan measures program performance accurately and provides crucial information on the need for changes in project design.

In particular, additional indicators may be added following the completion of the Gender Integration Plan.

## Attachment 1: Abbreviations

Abbreviations	Long form
ADB	Asian Development Bank
BIR	Bureau of Internal Revenue
CBPS	Community-Based Procurement System
CCR	Compact Completion Report
CEAC	Community Empowerment Activity Cycle
DOF	Department of Finance
DPWH	Department of Public Works and Highways
DQR	Data Quality Review
DSWD	Department of Social Welfare and Development
ERR	Economic Rate of Return
GDP	Gross Domestic Product
HDM	Highway Design Model
IE	Impact Evaluation
IMF	International Monetary Fund
ITT	Indicator Tracking Table
MCC	Millennium Challenge Corporation
MCA-P	Millennium Challenge Account – Philippines
M&E	Monitoring and Evaluation
MIBF	Municipal Inter-Barangay Forum
MIS	Management Information System
NSCB	National Statistical Coordination Board
OVI	Objective Verifiable Indicators
QDRP	Quarterly Disbursement Request Package
RARP	Revenue Administration Reform Project
RIPS	Revenue Integrity Protection Service
SNRDP	Secondary National Roads Development Project
TOR	Terms of Reference
USAID	United States Agency for International Development

**Table 4: M&E Budget**

Activity	Budget (in USD Million)
Development of M&E Manual	0.06
Data Gathering/Surveys	5.4
Data quality checks and reviews	0.175
Adhoc/special studies	0.40
Capability-building on M&E	0.06
M&E Information System	0.50
Monitoring activities and field work	1.29
Other M&E activities	0.375
<b>Total</b>	<b>8.26</b>

**Figure 3: Monitoring and Evaluation Reporting Structure**

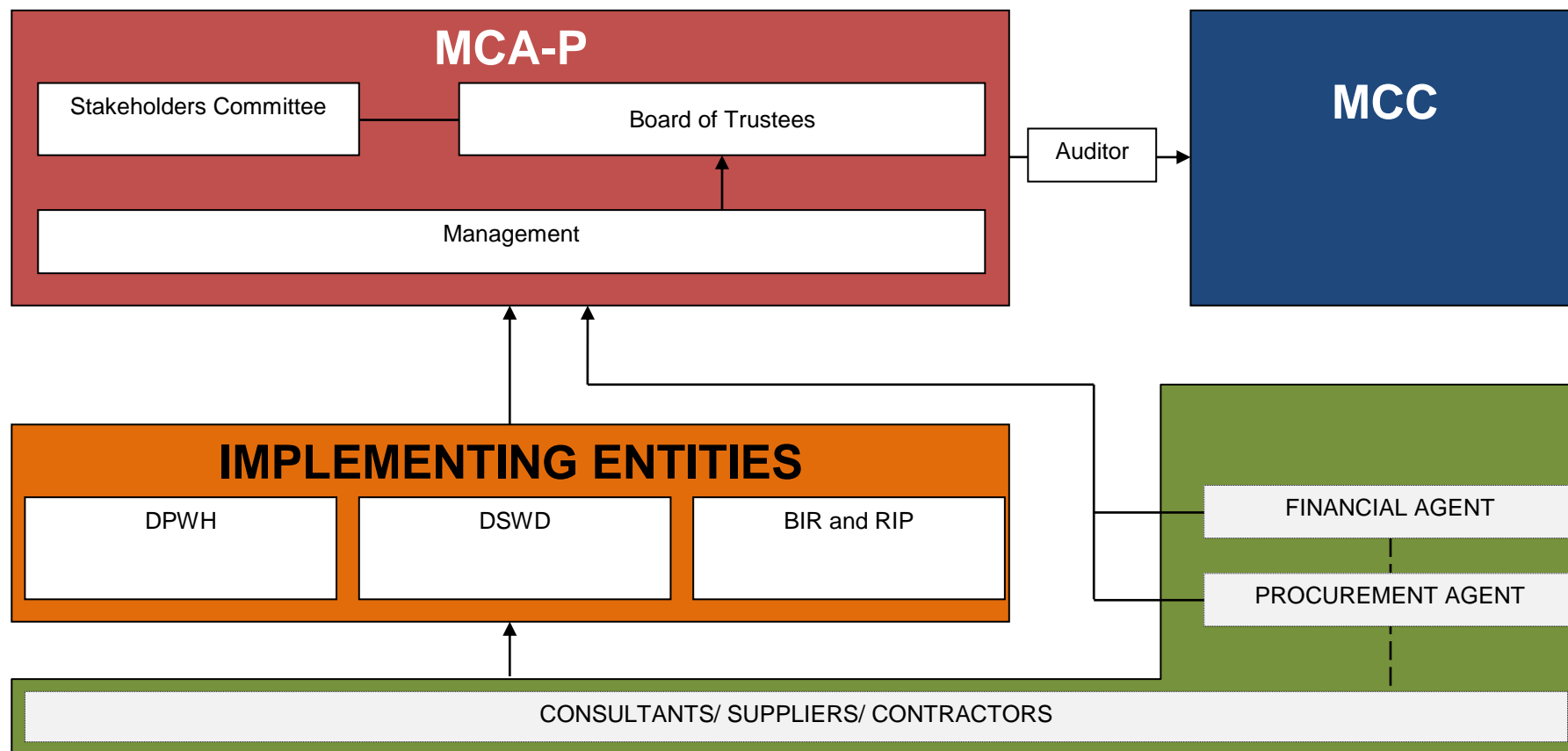


Table 5: Indicator Definition and Tracking Table - Compact Goals Indicators

Indicator Name	Definition	Unit	Classification	Targets							Source	Methodology of Data Collection	Timing/Frequency of Data Collection
				Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Year 20			
Poverty Incidence	Percent of households living below the subsistence poverty line	Percentage	Level	TBD					TBD		DSWD, External Evaluation Team	National Household Targeting System Impact evaluation using trend line analysis, FGD and KII	Pre and post Project
Growth in Gross National Product	Annual growth in Gross National Product	Percentage	Level	TBD					TBD		National Statistics Office	National Accounts	Pre and post Project

Table 6: Indicator Definition and Tracking Table - KALAH-CIDSS

Objective level														
Results	Indicator Name	Definition	Unit	Classification	Targets							Source	Methodology of Data Collection	Timing/Frequency of Data Collection
					Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Year 20			
Increased responsiveness of Local Government Units (LGUs) to community needs	Percentage of legislated municipal budgets with at least 10% increase in allocation for community identified priorities compared to pre project	Percentage of legislated municipal budgets with at least 10% increase in allocation for community identified priorities compared to pre project	Percentage		0					TBD end of 2012		External consultant team	Impact survey	Annual
Increased responsiveness of Local Government Units (LGUs) to community needs	Percentage of MT municipalities have established expanded MDCs for broader consultation with civil society representatives to obtain inputs for the Municipal Development Plans	Percentage of MT municipalities have established expanded MDCs for broader consultation with civil society representatives to obtain inputs for the Municipal Development Plans	Percentage		TBD end of 2012					85%		MCT, MMs, RPMT and NPMT CPS and M&Es	MDC resolutions Process observation reports from KCAF municipal project teams	Annual
Increased responsiveness of Local Government Units (LGUs) to community needs	Percentage of MLGUs that provide funding support for KALAH-CIDSS sub-project O&M	Percentage of MLGUs that provide funding support for KALAH-CIDSS sub-project O&M	Percentage		TBD end of 2012					TBD end of 2012		KC M&E System  SET	Aggregate of data captured during regular progress reporting.	Annual
Increased community engagement in development activities	Percentage of households that report increase in confidence to participate collectively in community development activities compared to project initiation	Percentage of households that report increase in confidence to participate collectively in community development activities compared to project initiation	Percentage		0					30%		KC M and E system  External consultant	Aggregate of data captured during regular progress reporting.  Impact survey	Annual
Increased value of sub-project benefits	Change in household income of beneficiaries of subprojects due to subproject	Change in household income of beneficiaries of subprojects due to subproject	Percentage		TBD end of 2012					TBD end of 2012		External Survey Team	Household survey	Pre and post project
Outcome level														
Results	Indicator Name	Definition	Unit	Classification	Targets							Source	Methodology of Data Collection	Timing/Frequency of Data Collection
					Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Year 20			
Increased value of sub-project benefits	Percentage of households reporting better access to basic services	Percentage of households reporting better access to basic services	Percentage		0					40%		External Survey Team	Surveys FGD	Pre and post project

Increased community engagement	Percentage of members from marginalized groups attending Barangay Assemblies	Percentage of members from marginalized groups attending Barangay Assemblies	Percentage		35					50%		KC M&E System	MIS Data Data capture from CEAC activities accomplishment reports from MCTs and ACTs	Annual
Increased LGU engagement	Percentage of MLGUs that provide technical assistance in KC sub-project preparation, implementation, and monitoring, based on MOA	Percentage of MLGUs that provide technical assistance in KC sub-project preparation, implementation, and monitoring, based on MOA	Percentage		NA					80%		KC M&E System	Aggregate of data captured through	Annual
Increased LGU engagement	Percentage of municipalities that provide their KC Local Counterpart Contributions (LCC) based on their LCC delivery plan	Percentage of municipalities that provide their KC Local Counterpart Contributions (LCC) based on their LCC delivery plan	Percentage		NA					80%		KC M&E System	Aggregate of data captured through the regular	Annual
Increased value of sub-project benefits	Time savings	Change in travel time (road subprojects)	Minutes		TBD end of 2012					TBD end of 2012		External Survey Team	Surveys	Pre and post Project
Increased value of sub-project benefits	Labor force participation	Number of people working divided by number of people of working age either employed or seeking employment	Percentage		TBD end of 2012					TBD end of 2012		External Survey Team	Surveys	Pre and post Project
Increased value of sub-project benefits	School enrolment	Number of students enrolled in school (school subprojects)	Number		TBD end of 2012					TBD end of 2012		External Survey Team	Surveys	Pre and post Project
Increased value of sub-project benefits	Number of beneficiary farming households	Number of farming households that benefit from agriculture subprojects	Number		TBD end of 2012					TBD end of 2012		External Survey Team	Surveys	Pre and post Project
Increased value of sub-project benefits	Yield of paddy rice	Dollar value of yield of paddy rice due to agriculture subprojects	US Dollars		TBD end of 2012					TBD end of 2012		External Survey Team	Surveys	Pre and post Project
Increased value of sub-project benefits	Post-harvest losses	Dollar value of volume of produce lost post-harvest (agriculture subprojects)	US Dollars		TBD end of 2012					TBD end of 2012		External Survey Team	Surveys	Pre and post Project
Increased value of sub-project benefits	Volume of water consumption from improved sources	Household volume of water consumption from improved sources (water subprojects)	Volume		TBD end of 2012					TBD end of 2012		External Survey Team	Surveys	Pre and post Project
Increased value of sub-project benefits	Number of visits to Barangay health facilities (health subprojects)	Number of visits to Barangay health facilities (health subprojects)	Number		TBD end of 2012					TBD end of 2012		External Survey Team	Surveys	Pre and post Project
Output level														
Results	Indicator Name	Definition	Unit	Classification	Targets							Source	Methodology of Data Collection	Timing/Frequency of Data Collection
					Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Year 20			
Sub-projects delivered	Number of completed KC SPs implemented in compliance with technical plans and within schedule and budget	Number of completed KC SPs implemented in compliance with technical plans and within schedule and budget	Number		NA					2740		SP Tracking System	Data capture from reports of the KCAF engineering unit	Annual

Sub-projects delivered	Number of barangays that have completed training on PSA, planning, project dev't, and M&E	Number of barangays that have completed training on PSA, planning, project dev't, and M&E	Number		NA					3000		ACTs, MCTs, MMs, MIACs, RPMTs and NPMT	Data capture from CEAC activities accomplishment reports from MCTs and ACTs	Annual
Sub-projects delivered	Number of barangays that have completed specific training on subproject management and implementation	Number of barangays that have completed specific training on subproject management and implementation	Number		NA					1500		ACTs, MCTs, MMs, MIACs, RPMTs and NPMT	Data capture from CEAC activities accomplishment reports from MCTs and ACTs	Annual
Sub-projects sustained	Percentage of communities and/or brgys with KC SPs that have sustainability evaluation rating of satisfactory or better	Percentage of communities and/or brgys with KC SPs that have sustainability evaluation rating of satisfactory or better	Percentage		TBD end of 2012					85%		Municipal LGU/MIAC, MCT, ACT, MMs, RPMTs and NPMT	SP sustainability evaluation reports of municipalities (using KC SET)	Annual

Table 7: Indicator Definition and Tracking Table: SNRDP

Objectives level														
Results	Indicator Name	Definition	Unit	Classification	Targets							Source	Methodology of Data Collection	Timing/Frequency of Data Collection
					Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Year 20			
Net incomes of road users increased	Motorized Traffic Time Cost	Measures the monetary equivalent of the time savings of users as a result of improved road conditions by comparing the with or without scenario	USD (Millions)	Cumulative	0	-	-	-	-	5.2	9.5	DPWH / External evaluation consultants	HDM4 (Aggregate)	Pre and post project
Net incomes of road users increased	Motorized Traffic Vehicle Operating Cost	Measures the cost savings of users as a result of improved road conditions	USD (Millions)	Cumulative	0	-	-	-	-	9.4	16.5	DPWH / External evaluation consultants	HDM4 (Aggregate)	Pre and post project
Outcomes level														
Results	Indicator Name	Definition	Unit	Classification	Targets							Source	Methodology of Data Collection	Timing/Frequency of Data Collection
					Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Year 20			
Improved road quality	Roughness	Measure of the roughness of the road surface, in meters height per kilometer of distance traveled. This is measured by either an International Roughness Index (IRI) machine or taking the maximum speed that a vehicle can travel on a road and finding the corresponding roughness measure. The lower the value, the smoother the road. Typically, a paved road will have an IRI of 3 or lower, while an impassable road will have an IRI of greater than 14.	m/km	Level	7.1 <sup>4</sup>					3.5	5.8	DPWH	Data collection using MIDAS	Pre and post project
Increased vehicle activity	Average Annual Daily Traffic	Measures average number of vehicles per day over different times (day and night) and over different seasons to arrive at an annualized daily average.	Numbers	Level	1179	-	-	-	-	1450	2720	DPWH / External evaluation consultants	<b>HDM4</b> Traffic survey	Pre and post project
Lower maintenance costs	Maintenance Savings	Reduction in annual Maintenance spending (in 2009US\$m)	USD (Millions)	Level	0	-	-	-	-	.4	.3	DPWH / External evaluation consultants	HDM4	Pre and post project
	Road traffic fatalities	Number of road traffic fatalities per year on MCC roads. When reporting this indicator it should be compared to the average annualized daily traffic multiplied by 365 days.	Numbers	Level	TBD end of 2012	-	-	-	-	TBD end of 2012	TBD end of 2012	DILG / PNP	Police reports	Pre and post project

<sup>4</sup> This baseline is a visual estimation, not an International Roughness Index measure.

Output level														
Results	Indicator Name	Definition	Unit	Classification	Targets							Source	Methodology of Data Collection	Timing/Frequency of Data Collection
					Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Year 20			
Roads rehabilitated or built	km of roads completed	The length of roads on which construction or rehabilitation is complete.	Km	Cumulative	0	-	TBD end of 2012	TBD end of 2012	TBD end of 2012	222	-	DPWH PMC	Project Progress Report	Quarterly
	number of bridges replaced	The number of bridges replaced	Number	Cumulative	0	-	TBD end of 2012	TBD end of 2012	TBD end of 2012	TBD end of 2012	-	DPWH PMC	Project Progress Report	Quarterly
	number of bridges rehabilitated	The number of bridges rehabilitated	Number	Cumulative	0	-	TBD end of 2012	TBD end of 2012	TBD end of 2012	TBD end of 2012	-	DPWH PMC	Project Progress Report	Quarterly
Process level														
Results	Indicator Name	Definition	Unit	Classification	Targets							Source	Methodology of Data Collection	Timing/Frequency of Data Collection
					Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Year 20			
	Kilometers of roads under design	The length of roads in kilometers under design contracts. This may include designs for building new roads and reconstruction, rehabilitation, resurfacing or upgrading existing roads.	Km	Cumulative	0	-	222	-	-	-	-	DPWH PMC	Project Progress Report	Quarterly until all design studies are submitted
	Value of road feasibility and/or design contracts signed	The value of all signed feasibility, design, and environmental contracts, including resettlement action plans, for road investments using 609(g) and Compact funds	USD (Millions)	Cumulative	0	-	15.803	-	-	-	-	PMC Procurement Agent	Procurement Report	Quarterly until all design contracts had been awarded
	Value of road feasibility and/or design contracts disbursed	Total amount disbursed of all signed feasibility, design, and environmental contracts, including resettlement action plans, for road investments using 609(g) and Compact funds.	USD (Millions)	Cumulative	0	-	15.803	-	-	-	-	PMC Fiscal Agent	Financial Report	Quarterly until all payment for design contracts had been disbursed
	Value of road construction contracts signed	Total value of all contracts signed for construction of new roads or reconstruction, rehabilitation, resurfacing or upgrading of existing roads using Compact funds.	USD (Millions)	Cumulative	0	-	175.85	-	-	-	-	PMC Procurement Agent	Procurement Report	Quarterly until all construction contracts had been awarded
	Value of roads construction contracts disbursed	Total amount disbursed of all signed contracts for construction of new roads or reconstruction, rehabilitation, resurfacing or upgrading of existing roads. This is a proxy indicator for physical completion of road works. However, since it includes industry standard advance payments and mobilization fees, it does not correlate perfectly with physical progress.	USD (Millions)	Cumulative	0	-	TBD end of 2012	TBD end of 2012	TBD end of 2012	175.85	-	PMC Fiscal Agent	Financial Report	Quarterly until all payment for construction contracts had been disbursed
	Kilometers of roads under works contracts	The length of roads in kilometers under works contract for construction of new roads or reconstruction, rehabilitation, resurfacing or upgrading of existing roads.	Km	Cumulative	0	-	TBD end of 2012	TBD end of 2012	TBD end of 2012	222	-	PMC Procurement Agent	Procurement Report	Quarterly until all construction contracts had been awarded

	Construction are proceeding in adherence to environmental safeguards as specified in the Environmental Management Plan and the Environment Compliance Certificate	This will be reported as 1 (one) if construction is proceeding in adherence to environmental safeguards as specified in the Environmental Management Plan and the Environment Compliance Certificate and a 0 (zero) if not. in the tracking table	0 or 1	Level	-	-	1	1	1	1	-	PMC Contractors	Project Progress Report	Quarterly
	Construction are proceeding in adherence to gender requirements and safeguards and specified in the gender integration plan.'	This will be reported as 1 (one) if construction is proceeding in adherence to gender requirements and safeguards as specified in the Gender Integration Plan and a 0 (zero) if not in the tracking table	0 or 1	Level	-	-	1	1	1	1	-	PMC Contractors	Project Progress Report	Quarterly
	Construction are proceeding in adherence to safety standards as specified in the Environmental management Plan	This will be reported as 1 (one) if construction is proceeding in adherence to environmental safeguards as specified in the Environmental Management Plan and the Environment Compliance Certificate and a 0 (zero) if not in the tracking table	0 or 1	Level	-	-	1	1	1	1	-	PMC Contractors	Project Progress Report	Quarterly
	Number of project affected parties resettled.	Number of project affected persons resettled in adherence to World Bank relocation standards	Number	Cumulative	0	-	TBD end of 2012	-	-	-	-	External RAP Implementing and Monitoring agents	RAP Project Report	Quarterly until resettlement has finished

Table 8: Indicator Definition and Tracking Table - RARP

Objectives level														
Results	Indicator Name	Definition	Unit	Classification	Targets							Source	Methodology of Data Collection	Timing/Frequency of Data Collection
					Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Year 20			
Increased tax revenues over time	Tax gap	Percentage of tax potential that is actually collected (VAT only)	Percentage	Cumulative	TBD <sup>5</sup>							IMF Technical Report	Administrative data	Baseline and Years 3 and 5
Decreased incidence of corrupt activities within the Department of Finance (DOF)	Perceptions of corruption	Perceptions that DOF (including its attached agencies) is taking action to fight corruption	Percentage	Level	TBD end of 2012					TBD end of 2012		External survey consultant	Survey	Pre and post project
Decreased incidence of corrupt activities within the Department of Finance (DOF)	Agency Integrity Index (BIR)	Change in net satisfaction rating which will be developed based on a rating system under the previous Integrity Development Action Plan (IDAP)	Number	Level	TBD end of 2012					TBD end of 2012		External survey consultant	Survey	Annually
Outcome level - eTIS														
Results	Indicator Name	Definition	Unit	Classification	Targets							Source	Methodology of Data Collection	Timing/Frequency of Data Collection
					Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Year 20			
Improved efficiency	% of tax returns captured into the system	Returns captured/ total stock x 100	Percentage	Level	TBD end of 2012					TBD end of 2012		BIR Key Performance Indicator (KPI) Report on Returns Encoded	Administrative data	Annually
Improved efficiency	Filing compliance % Corporate Income Tax	Actual no. of filers over expected number of filers x 100	Percentage	Level	TBD end of 2012					TBD end of 2012		BIR Report on Filed Returns	Administrative data	Annually
Improved efficiency	Filing compliance % for Personal Income Tax for business taxpayers	Actual no. of filers over expected number of filers x 100	Percentage	Level	TBD end of 2012					TBD end of 2012		BIR Report on Filed Returns	Administrative data	Annually
Improved efficiency	Filing compliance % for VAT	Actual no. of filers over expected number of filers x 100	Percentage	Level	TBD end of 2012					TBD end of 2012		BIR Report on Filed Returns	Administrative data	Annually
Improved efficiency	Processing time of applications for primary registration	Difference in the processing time between the current and previous year	Number of hours	Level	TBD end of 2012					TBD end of 2012		BIR KPI Report	Time and Motion Study	Annually
Improved efficiency	Processing time of applications for secondary registration	Difference in the processing time between the current and previous year	Number of hours	Level	TBD end of 2012					TBD end of 2012		BIR KPI Report	Time and Motion Study	Annually

Pending finalization of<sup>5</sup> IMF report on VAT-GAP

Reduced discretion and opportunities for corruption	Number of automatically-generated audits	System-generated audits done by large taxpayer unit and RDOs that have implemented the eTIS	Number	Level	TBD end of 2012					TBD end of 2012		Inventory of Audit Cases	Administrative data	Quarterly starting 2013
Outcome level – AATS														
Results	Indicator Name	Definition	Unit	Classification	Targets							Source	Methodology of Data Collection	Timing/Frequency of Data Collection
					Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Year 20			
Increased revenue from audit	Revenue collection per audit	Average collection per firm using AATS (in pesos) focusing on LTS	PhP millions	Level	2.5					4.3		BIR Collection and Assessment Reports submitted to ACIR LTS based on the requirements of RMO 29-2007	Administrative data	Quarterly
Outcome level – PAC														
Results	Indicator Name	Definition	Unit	Classification	Targets							Source	Methodology of Data Collection	Timing/Frequency of Data Collection
					Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Year 20			
Increased revenue from new business registrants	Revenue from new business registrants to include corporation, single-proprietor and professionals	Target revenue to be defined based on project type	PhP millions	Level	TBD end of 2012					TBD end of 2012		BIR Report on Revenue from Target Group (new registrants	Administrative data	Annually
Increased satisfaction of taxpayers	Percentage of respondents reporting satisfaction with BIR services	Improvement in customer satisfaction survey scores	Percentage	Level	TBD end of 2012					TBD end of 2012		External Survey Consultant	Survey	Pre and Post project
Increased awareness of taxpayers	Percentage of respondents aware of change based on specific message	Awareness of the campaign, the available BIR services and/or taxpayer obligations	Percentage	Level	TBD end of 2012					TBD end of 2012		External Survey Consultant	Survey	Pre and Post project
Outcome level – RIPS														
Results	Indicator Name	Definition	Unit	Classification	Targets							Source	Methodology of Data Collection	Timing/Frequency of Data Collection
					Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Year 20			
Increased number of resolves cases	Number of successful case resolutions	Number of personnel suspended (preventive and as a penalty), dismissed from service or convicted	Number	Cumulative	28					140		RIPS Annual report	Administrative data	Annually
Corruption perception	Perceptions of corrupt activities within DOF agencies	Perceptions among DOF staff and the transacting public	Percentage	Level	TBD end of 2012					TBD end of 2012		External Survey Consultant	Survey	Pre and Post project

Output level – eTIS														
Results	Indicator Name	Definition	Unit	Classification	Targets							Source	Methodology of Data Collection	Timing/Frequency of Data Collection
					Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Year 20			
eTIS roll-out	Number of Revenue District Offices (RDOs) using eTIS	Number of revenue district offices that will be covered by the roll-out	Number	Cumulative	0					100%		BIR	Administrative data	Quarterly (once eTIS is ready for roll-out)
Output level - AATS														
Results	Indicator Name	Definition	Unit	Classification	Targets							Source	Methodology of Data Collection	Timing/Frequency of Data Collection
					Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Year 20			
Decreased time to complete an audit	Percentage of audit completed in compliance with the prescribed period of 120 days	% of audit completed in compliance with the prescribed period of 120 days	Percentage	Level	1%					50%		BIR Collection and Assessment Reports submitted to ACIR LTS based on the requirements of RMO 29-2007	Administrative data	Quarterly
Increased percentage of audits using ATTs	Percentage of audit cases performed using AATS	Large taxpayer unit audit cases performed using AATs	Percentage	Level	2.9%					95%		BIR CAATTS Collection and Assessment Performance Report	Administrative data	Quarterly
Output level – PAC														
Results	Indicator Name	Definition	Unit	Classification	Targets							Source	Methodology of Data Collection	Timing/Frequency of Data Collection
					Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Year 20			
Increased number of new business registrants	Percentage increase in the number of new business registrants	Year-on-year increase in the number of new business registrants composed of corporation, single-proprietor and professionals.	Percentage	Level	1.5%					7.73%		BIR Report on Registration by Taxpayer Type	Administrative data	Quarterly
Implemented communication plan	Percentage of activities undertaken based on the Communication Plan (ComPlan)	Number of activities undertaken based on the Com-Plan	Percentage	Cumulative	0					100%		Periodic Terminal Report	Administrative data	Quarterly
Output level - RIPS														
Results	Indicator Name	Definition	Unit	Classification	Targets							Source	Methodology of Data Collection	Timing/Frequency of Data Collection
					Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Year 20			
Increased number of DOF personnel charged	Personnel charged with graft, corruption, lifestyle and/or criminal cases	Number of DOF personnel charged with graft corruption, lifestyle and/or criminal cases	Number	Cumulative	67					250		Annual Report	Administrative data	Annually

Increased number of investigation	Number of personnel investigated	Number of personnel involved in opened cases	Number	Cumulative	110					330		Annual Report	Administrative data	Annually
Decreased time to complete an investigation	Time taken to complete investigation (average)	Working days from case opened to resolution	Number	Level	120					60		Annual Report	Administrative data	Annually

Attachment 5: Indicator Disaggregation

Table 9: Indicators to be Disaggregated Compact Goals			
Indicators	Gender	Age	Income
Poverty Incidence	X	X	
KALAH-CIDSS			
Indicators	Gender	Age	Income
Change in household income of beneficiaries of subprojects due to subproject	X	X	X
Percentage of households reporting better access to basic services	X		X
Time savings (road subprojects)	X	X	
School enrollment (school subprojects)	X	X	X
Number of visits to Barangay health facilities (health subprojects)	X	X	X
SNRDP			
Indicators	Gender	Age	Income
Number of project affected person resettled against targets	X	X	X
RARP			
Indicators	Gender	Age	Income
Percentage of respondents reporting satisfaction with BIR services	X	X	X
Percentage of respondents aware of change based on specific message	X	X	X
Number of successful case resolutions	X	X	X
Perceptions of corrupt activities within DOF agencies	X	X	X
Personnel charged with graft, corruption, lifestyle and/or criminal cases	X	X	X
Number of personnel investigated	X	X	X

## Attachment 6: M&E Plan Modification Memo

### 1 Introduction

In pursuit of the thrusts of the Government of the Republic of the Philippines for sustainable economic growth and poverty reduction, the Government through the Department of Finance (DOF) and the Millennium Challenge Corporation (MCC) signed a five-year economic development Compact on September 23, 2010. With this, a total of \$434 million poverty reduction grant is made available to the country which is intended to finance the following developmental projects:

- Revenue Administration and Reform Project (RARP) of the Bureau of Internal Revenue (BIR) and Revenue Integrity Protection Service (RIPS)
- Kapit-bisig Laban sa Kahirapan - Comprehensive and Integrated Delivery of Social Services (KALAHI-CIDSS) Project of the Department of Social Welfare and Development (DSWD)
- Secondary National Roads Development Project (SNRDP) of the Department of Public Works and Highways (DPWH)

The Millennium Challenge Account Philippines (MCA-P), as the accountable entity or central point of contact, plays a pivotal role to ensure that the expected results from these projects will be achieved at the end of the Compact in May 2016. It was incorporated with the Securities and Exchange Commission on January 10, 2010 as a subsidiary of the Development Bank of the Philippines Management Corporation. Comprising the MCA-P is the Board of Trustees that will set the policy direction, a Management Unit that will manage the day-to-day implementation activities, and a Stakeholders Committee composed of Citizen's representatives to ensure transparency and accountability throughout the Compact implementation period.

This M&E plan modification memo comes at the onset of the MCA-Philippines' M&E Plan submission. As the M&E Plan is being designed together with the Implementing Entities (IEs), the MCA-P took note of the necessity for indicators to evolve, adjust to changes in program activities and improvements in performance monitoring and measurement. Upon a joint review between the MCA-P's M&E Team and IEs, they needed to reflect the program accurately. This M&E Plan Modification Memo will attempt to provide crucial information on the need for changes in project design.

### 2 MCC M&E Policy Provisions on M&E Plan Modification

MCC's Policy on Monitoring and Evaluation of Compacts and Threshold Programs (9 May 2009) provides for the following:

*M&E Plans will be revised as needed during the life of the Compact to adjust to changes in the Program's design and to incorporate lessons learned for improved performance monitoring and measurement. The M&E Plan may be modified or amended without amending the Compact. However, any such modification or amendment of the M&E Plan must be approved by MCC in writing and must be otherwise consistent with the requirements of the Compact and any relevant Supplemental Agreements.*

### 3 Summary of Philippines' Modification of Compact Indicators

Indicators in the Philippines' Compact that were reflected in its M&E Plan have been modified in several ways:

- New indicators were added
- A number of existing indicators were removed;
- A descriptive quality of an existing indicator may be changed such as the definition, source, frequency, etc.;
- Baselines were modified; and,
- Targets were modified.

Detailed description and justification of the modifications are described as attachments to this M&E Plan.

## Attachment 7: Description and Justification of Modifications – KALAH-CIDSS

**Project:** KALAH-CIDSS

- Indicator:**
- i. Percentage of legislated municipal budgets with at least 10% increase in allocation for community identified priorities compared to pre project
  - ii. Percentage of households that report increase in confidence to participate collectively in community development activities compared to project initiation
  - iii. Percentage of households reporting better access to basic services
  - iv. Number of barangays that have completed training on PSA, planning, project development, and M&E
  - v. Number of barangays that have completed specific training on subproject management and implementation

**Modification:** Indicators added

**Justification:** KALAH-CIDSS is being implemented by the Department of Social Welfare and Development (DSWD) with funding from MCA-P/MCC and the World Bank. The World Bank has been working with DSWD for the past year to refine its indicators. Therefore, MCA-P is adding some indicators and eliminating others in an effort to harmonize indicators being reported to MCA-P with those reported to the World Bank. MCA-P is adding the following five indicators at the objective, outcome, and output levels present in the KC-AF results framework that are not there in the Compact. We believe that they are important indicators that will help us capture the impact being sought by KC. Such provision for addition was included in the Monitoring and Evaluation Policy of Compacts and Threshold Programs, Paragraph 5.2.1., cause No. 3, Adding Indicators, Existing indicators do not sufficiently meet the “adequacy” criteria for indicators (i.e. taken together, the existing indicators are insufficient to adequately measure progress towards results)

Results	Indicator Name	Definition	Unit	Targets							Source	Methodology of Data Collection	Timing / Frequency of Data Collection
				Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Year 20			
Increased responsiveness of Local Government Units (LGUs) to community needs	Percentage of legislated municipal budgets with at least 10% increase in allocation for community identified priorities compared to pre project	Percentage of legislated municipal budgets with at least 10% increase in allocation for community identified priorities compared to pre project	Percentage	0					TBD end of 2012		External consultant team	Impact survey	Annual
Increased community engagement in development activities	Percentage of households that report increase in confidence to participate collectively in community development activities compared to project initiation	Percentage of households that report increase in confidence to participate collectively in community development activities compared to project initiation	Percentage	0					30%		KC M and E system External consultant	Aggregate of data captured during regular progress reporting. Impact survey	Annual
Increased value of sub-project benefits	Percentage of households reporting better access to basic services	Percentage of households reporting better access to basic services	Percentage	0					40%		External Survey Team	Surveys FGD	Pre and post project
Sub-projects delivered	Number of barangays that have completed training on PSA, planning, project development, and M&E	Number of barangays that have completed training on PSA, planning, project dev't, and M&E	Number	0					3000		ACTs, MCTs, MMs, MIACs, RPMTs and NPMT	Data capture from CEAC activities accomplishment reports from MCTs and ACTs	Annual
Sub-projects Delivered	Number of barangays that have completed specific training on subproject management and implementation	Number of barangays that have completed specific training on subproject management and implementation	Number	0					1500		ACTs, MCTs, MMs, MIACs, RPMTs and NPMT	Data capture from CEAC activities accomplishment reports from MCTs and ACTs	Annual

**Project:** KALAH-CIDSS

**Indicator:**

- i. Community engagement in development activities
- ii. Participation of women in local government
- iii. Barangay assembly participation

**Modification:** Indicator Removed

**Justification:** As stated above, KALAH-CIDSS is being implemented by the Department of Social Welfare and Development (DSWD) with funding from MCA-P/MCC and the World Bank. The World Bank has been working with DSWD for the past year to refine its indicators. Therefore, MCA-P is adding some indicators and eliminating others in an effort to harmonize indicators being reported to MCA-P with those reported to the World Bank. MCA-P is eliminating the following indicators because the cost of collecting the data for the indicator outweighs its usefulness (cost in terms of time and/or money).

“Percentage of MCC-funded KALAH-CIDSS developed community organizations that have satisfactory organizational performance ratings” – will be costly to implement in the light of the number of municipalities participating in the project and the cost of developing the performance evaluation system for community organizations.

“Barangay assembly participation” – is a prerequisite of the project and as such is already a given.

“Participation of women in local government” – is already being captured at the outcome level in the percentage of members from marginalized groups attending Barangay Assemblies.

Results	Indicator Name	Definition	Unit	Targets							Source	Methodology of Data Collection	Timing / Frequency of Data Collection
				Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Year 20			
Increased community engagement in development activities	Community engagement in development activities	Percentage of MCC-funded KALAH-CIDSS developed community organizations that have satisfactory organizational performance ratings		0					80%		--	--	--
Increased community engagement in development activities	Participation of women in local government	Number of women representatives in targeted areas	Number	TBD					TBD		--	--	--
Increased community engagement in development activities	Barangay assembly Participation	Percentage of barangay assemblies with 80% of community households represented	Percentage	TBD					80%		--	--	--

- Project:** KALAH-CIDSS
- Indicator:**
- Use of inclusive Community Driven Development (CDD) processes by local governments
  - LGU provision of funds for O&M
  - LGU application of CDD practices to non-KALAH-CIDSS activities
  - Community engagement in development activities
  - Aggregate value of benefits of sub-projects.
  - LGU provision of funds
  - LGU provision of technical support
  - Marginalized group participation
  - Time savings
  - Labor force participation (by age and gender)
  - School enrolment
  - Number of beneficiary farming households
  - Yield of paddy rice
  - Water consumption (by use)
  - Use of barangay health facilities
  - Post-harvest losses
  - Sub-projects completed
  - Sub-projects sustained

- Modification:**
- Indicator names and/or definitions changed,
  - Some of the indicators' baselines changed and
  - Some of the indicators' targets have changed.

- Justification:**
- The indicator names and/or definitions were modified.** In the table below, the indicator names were changed to better describe the item they are measuring. The indicator names used in the compact are vague and confusing. As mentioned above, some indicator definitions were also changed to align with the set of indicators from the DSWD results framework. Provision was included in the Monitoring and Evaluation Policy of Compacts and Threshold Programs, Paragraph 5.2.1., cause No. 3, Modifying Indicators for changing the descriptive quality of an existing indicator such as definition, source, frequency, etc.
  - The indicator baselines were modified.** Baselines were changed as a result of information that appeared in the KC-AF framework which the Implementing Entity (DSWD) adopted. Provision for Modifying baseline was included in the Monitoring and Evaluation Policy of Compacts and Threshold Programs, Paragraph 5.2.2., cause No. 1 and 3, Modifying Baselines. In the table below, some of the baselines were changed as a result of new study or erroneous data.
  - The indicator targets were modified.** Provision for modifying targets was included in the Monitoring and Evaluation Policy of Compacts and Threshold Programs, Paragraph 5.2.3., cause No. 2.1 and 2.3, Modifying Targets. In the table below, all but one of the targets were changed to reflect the targets set in the KC-AF Results Framework. The target for indicator "Number of completed KC SPs implemented in compliance with technical plans and within schedule and budget" was changed due to an exogenous factor (weakening dollar).

New / Old	Indicator Name	Definition	Unit	Targets							Source	Methodology of Data Collection	Timing / Frequency of Data Collection
				Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Year 20			
Old	Use of inclusive Community Driven Development (CDD) processes by local governments	Percentage of project municipal local government units (MLGUs) that have meetings with community representatives to solicit inputs to municipal development plans and / or percentage of barangays that reflect community priorities in their barangay development plans	Percentage	TBD					80				
New	Percentage of MT municipalities have established expanded MDCs for broader consultation with civil society representatives to obtain inputs for the Municipal Development Plans	Percentage of MT municipalities have established expanded MDCs for broader consultation with civil society representatives to obtain inputs for the Municipal Development Plans	Percentage	TBD end of 2012					85		MCT, Mma, RPMT and NPMT CPs and M&Es	MCD resolutions, Process observation reports from KCAF municipal project teams	Annual
Old	LGU provision of funds for O&M	Percentage of MLGUs that provide funding support for KALAH-CIDSS sub-project O&M	Percentage	0					80				
New	Percentage of MLGUs that provide funding support for KALAH-CIDSS sub-project O&M	Percentage of MLGUs that provide funding support for KALAH-CIDSS sub-project O&M	Percentage	0					80		KC M&E System SET	Aggregate of data captured during regular progress reporting.	Annual

Old	LGU application of CDD practices to non-KALAH-CIDSS activities	Number of project MLGUs that pass ordinances / resolutions adopting CDD principles	Number	TBD					TBD				
New	% of LGUs satisfactorily implement their Participatory, Transparency and Accountability (PTA) Integration Plans in accordance with the KALAH-CIDSS Memorandum of Agreement (MOA), and are committed to sustaining the PTA as part of their sustainability plans	% of LGUs satisfactorily implement their Participatory, Transparency and Accountability (PTA) Integration Plans in accordance with the KALAH-CIDSS Memorandum of Agreement (MOA), and are committed to sustaining the PTA as part of their sustainability plans	Percentage	40					80				
Old	Community engagement in development activities	Percentage of communities that attract additional funding for development activities after the KALAH-CIDSS Project is completed	Percentage	0					30				
New	Percentage of communities that attract additional funding for development activities after the KALAH-CIDSS Project is completed	Percentage of communities that attract additional funding for development activities after the KALAH-CIDSS Project is completed	Percentage	0					30				
Old	Aggregate value of benefits of sub-projects.	(Varies, please see below)											
New	Change in household income of beneficiaries of subprojects due to subproject	Change in household income of beneficiaries of subprojects due to subproject	Percentage	TBD end of 2012					TBD		External Survey Team	Household Survey	Pre and post project
Old	LGU provision of funds	Percentage of LGUs that provide at least 80% of Memorandum of Agreement (MOA) funding requirements	Percentage	0					90				
New	Percentage of municipalities that provide their KC Local Counterpart Contributions (LCC) based on their LCC delivery plan	Percentage of municipalities that provide their KC Local Counterpart Contributions (LCC) based on their LCC delivery plan	Percentage	0					80		KC M&E System	Aggregate of data captured during regular progress reporting.	Annual
Old	LGU provision of technical support	Percentage of LGUs that provide at least 80% of MOA technical support requirements	Percentage	0					90				
New	Percentage of MLGUs that provide technical assistance in KC sub-project preparation, implementation, and monitoring, based on MOA	Percentage of MLGUs that provide technical assistance in KC sub-project preparation, implementation, and monitoring, based on MOA	Percentage	0					80		KC M&E System	Aggregate of data captured during regular progress reporting.	Annual
Old	Marginalized group participation	Percentage of barangay assemblies with 65% of youth, women, indigenous people and poorest households represented	Percentage	TBD					80				
New	Percentage of members from marginalized groups attending Barangay Assemblies	Percentage of members from marginalized groups attending Barangay Assemblies	Percentage	35					50		KC M&E System	MIS Data, Data capture from CEAC activities accomplishment reports from MCTs and ACTs	Annual
Old	Time savings			TBD					TBD				
New	Time savings	Change in travel time (road subprojects)	Minutes	TBD end of 2012					TBD		External Survey Team	Surveys	Pre and post project

Old	Labor force participation (by age and gender)			TBD					TBD				
New	Labor force participation	Number of people working divided by number of people of working age either employed or seeking employment	Percentage	TBD end of 2012					TBD		External Survey Team	Surveys	Pre and post project
Old	School enrolment			TBD					TBD				
New	School enrolment	Number of students enrolled in school (school subprojects)	Number	TBD end of 2012					TBD		External Survey Team	Surveys	Pre and post project
Old	Number of beneficiary farming households			TBD					TBD				
New	Number of beneficiary farming households	Number of farming households that benefit from agriculture subprojects	Number	TBD end of 2012					TBD		External Survey Team	Surveys	Pre and post project
Old	Yield of paddy rice			TBD					TBD				
New	Yield of paddy rice	Dollar value of yield of paddy rice due to agriculture subprojects	US Dollars	TBD end of 2012					TBD		External Survey Team	Surveys	Pre and post project
Old	Water consumption (by use)			TBD					TBD				
New	Volume of water consumption from improved sources	Household volume of water consumption from improved sources (water subprojects)	Volume	TBD end of 2012					TBD		External Survey Team	Surveys	Pre and post project
Old	Use of barangay health facilities			TBD					TBD				
New	Number of visits to Barangay health facilities (health subprojects)	Number of visits to Barangay health facilities (health subprojects)	Number	TBD end of 2012					TBD		External Survey Team	Surveys	Pre and post project
Old	Post-harvest losses			TBD					TBD				
New	Post-harvest losses	Dollar value of volume of produce lost post-harvest (agriculture subprojects)	US Dollars	TBD end of 2012					TBD		External Survey Team	Surveys	Pre and post project
Old	Sub-projects completed	Number of completed subprojects (by type)	Number	0					3400				
New	Number of completed KC SPs implemented in compliance with technical plans and within schedule and budget	Number of completed KC SPs implemented in compliance with technical plans and within schedule and budget	Number	0					2740		SP Tracking System	Data capture from reports of the KCAF engineering unit	Annual
Old	Sub-projects sustained	Percentage of sub-projects that pass functionality audits or receive satisfactory or higher ratings of sustainability		0					80				
New	Percentage of communities and/or brgys with KC SPs that have sustainability evaluation rating of satisfactory or better	Percentage of communities and/or brgys with KC SPs that have sustainability evaluation rating of satisfactory or better	Percentage	0					85		Municipal LGU/MI AC, MCT, ACT, MMs, RPMTs and NPMT	SP sustainability evaluation reports for municipalities (using KC SET)	Annual

## Attachment 8: Description and Justification of Modifications – SNRDP

**Project:** SNRDP

- Indicator:**
- i. Road traffic fatalities
  - ii. number of bridges replaced
  - iii. number of bridges rehabilitated
  - iv. Kilometers of roads under design
  - v. Value of road feasibility and/or design contracts signed
  - vi. Value of road feasibility and/or design contracts disbursed
  - vii. Value of road construction contracts signed
  - viii. Value of roads construction contracts disbursed
  - ix. Kilometers of roads under works contracts
  - x. Construction are proceeding in adherence to environmental safeguards as specified in the Environmental Management Plan and the Environment Compliance Certificate
  - xi. Construction are proceeding in adherence to gender requirements and safeguards and specified in the gender integration plan.'
  - xii. Construction are proceeding in adherence to safety standards as specified in the Environmental management Plan
  - xiii. Number of project affected parties resettled.

**Modification:** Indicators added

**Justification:** Relevant MCC Common indicators for roads are added. Such provision for addition was included in the Monitoring and Evaluation Policy of Compacts and Threshold Programs, Paragraph 5.2.1., cause No. 4, Adding Indicators.

Indicators are also added to help us assess the environment, gender, and resettlement impact of the road project. Two more indicators were added to capture the rehabilitation or replacement of bridges which would account for a significant portion of the budget. There are no existing indicators in the Compact that can capture all these. These additions fall within the remit of “Existing indicators do not sufficiently meet the “adequacy” criteria for indicators.” Such provision for addition was included in the Monitoring and Evaluation Policy of Compacts and Threshold Programs, Paragraph 5.2.1., cause No. 3, Adding Indicators.

Indicator Name	Definition	Unit	Targets							Source	Methodology of Data Collection	Timing / Frequency of Data Collection
			Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Year 20			
Road traffic fatalities	Number of road traffic fatalities per year on MCC roads. When reporting this indicator it should be compared to the average annualized daily traffic multiplied by 365 days.	Number	TBD end of 2012	-	-	-	-	TBD end of 2012	TBD end of 2012	DILG / PNP	Police reports	Pre and post project
number of bridges replaced	The number of bridges replaced	Number	0	-	TBD end of 2012	TBD end of 2012	TBD end of 2012	TBD end of 2012	-	DPWH PMC	Project Progress Report	Quarterly
number of bridges rehabilitated	The number of bridges rehabilitated	Number	0	-	TBD end of 2012	TBD end of 2012	TBD end of 2012	TBD end of 2012	-	DPWH PMC	Project Progress Report	Quarterly
Kilometers of roads under design	The length of roads in kilometers under design contracts. This may include designs for building new roads and reconstruction, rehabilitation, resurfacing or upgrading existing roads.	Km	0	-	222	-	-	-	-	DPWH PMC	Project Progress Report	Quarterly until all design studies are submitted
Value of road feasibility and/or design contracts signed	The value of all signed feasibility, design, and environmental contracts, including resettlement action plans, for road investments using 609(g) and Compact funds	USD (Millions)	0	-	15.803	-	-	-	-	PMC Procurement Agent	Procurement Report	Quarterly until all design contracts had been awarded
Value of road feasibility and/or design contracts disbursed	Total amount disbursed of all signed feasibility, design, and environmental contracts, including resettlement action plans, for road investments using 609(g) and Compact funds.	USD (Millions)	0	-	15.803	-	-	-	-	PMC Fiscal Agent	Financial Report	Quarterly until all payment for design contracts had been disbursed
Value of road construction contracts signed	Total value of all contracts signed for construction of new roads or reconstruction, rehabilitation, resurfacing or upgrading of existing roads using Compact funds.	USD (Millions)	0	-	175.85	-	-	-	-	PMC Procurement Agent	Procurement Report	Quarterly until all construction contracts had been awarded

Value of roads construction contracts disbursed	Total amount disbursed of all signed contracts for construction of new roads or reconstruction, rehabilitation, resurfacing or upgrading of existing roads. This is a proxy indicator for physical completion of road works. However, since it includes industry standard advance payments and mobilization fees, it does not correlate perfectly with physical progress.	USD (Millions)	0	-	TBD end of 2012	TBD end of 2012	TBD end of 2012	175.85	-	PMC Fiscal Agent	Financial Report	Quarterly until all payment for construction contracts had been disbursed
Kilometers of roads under works contracts	The length of roads in kilometers under works contract for construction of new roads or reconstruction, rehabilitation, resurfacing or upgrading of existing roads.	Km	0	-	TBD end of 2012	TBD end of 2012	TBD end of 2012	222	-	PMC Procurement Agent	Procurement Report	Quarterly until all construction contracts had been awarded
Construction are proceeding in adherence to environmental safeguards as specified in the Environmental Management Plan and the Environment Compliance Certificate	This will be reported as 1 (one) if construction is proceeding in adherence to environmental safeguards as specified in the Environmental Management Plan and the Environment Compliance Certificate and a 0 (zero) if not. in the tracking table	0 or 1	-	-	1	1	1	1	-	PMC Contractors	Project Progress Report	Quarterly
Construction are proceeding in adherence to gender requirements and safeguards and specified in the gender integration plan.'	This will be reported as 1 if construction is proceeding in adherence to gender requirements and safeguards as specified in the Gender Integration Plan and 0 if not in the tracking table	0 or 1	-	-	1	1	1	1	-	PMC Contractors	Project Progress Report	Quarterly
Construction are proceeding in adherence to safety standards as specified in the Environmental management Plan	This will be reported as 1 if construction is proceeding in adherence to environmental safeguards as specified in the Environmental Management Plan and the Environment Compliance Certificate and 0 if not. in the tracking table	0 or 1	-	-	1	1	1	1	-	PMC Contractors	Project Progress Report	Quarterly
Number of project affected parties resettled.	Number of project affected persons resettled in adherence to World Bank relocation standards	Number	0	-	TBD end of 2012	-	-	-	-	External RAP Implementing and Monitoring agents	RAP Project Report	Quarterly until resettlement has finished

**Project:** SNRDP

**Indicator:** i. Costs to road users  
ii. Roughness  
iii. Average Annual Daily Traffic  
iv. Total length

**Modification:** Indicator names and/or definitions changed, and Indicator target changed.

**Justification:** **The indicator names and/or definitions were modified.** In the table below, the indicator names were changed to better describe the item they are evaluating. Provision was included in the Monitoring and Evaluation Policy of Compacts and Threshold Programs, Paragraph 5.2.1., cause No. 3, Modifying Indicators for changing the descriptive quality of an existing indicator such as definition, source, frequency, etc. **The indicator targets were modified.** For the indicator, Roughness, the Year 5 target was changed; this new roughness measure still reflects a smooth paved road. Provision for modifying targets was included in the Monitoring and Evaluation Policy of Compacts and Threshold Programs, Paragraph 5.2.3., cause No. 2.1 and 2.3, Modifying Targets.

	Results	Indicator Name	Definition	Unit	Classification	Targets							Source	Methodology of Data Collection	Timing/Frequency of Data Collection
						Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Year 20			
From	Net incomes of road users increased	Costs to road users	Aggregate value of time savings (in 2009US\$m)	USD (Millions)							5.2	9.5			
To	Net incomes of road users increased	Motorized Traffic Time Cost	Measures the monetary equivalent of the time savings of users as a result of improved road conditions by comparing the with or without scenario	USD (Millions)							5.2	9.5			
From	Net incomes of road users increased	Costs to road users	Change in aggregate vehicle operating cost (in 2009US\$m)	USD (Millions)							9.4	16.5			
To	Net incomes of road users increased	Motorized Traffic Vehicle Operating Cost	Measures the cost savings of users as a result of improved road conditions	USD (Millions)							9.4	16.5			
From	Improved road quality	Roughness	International Roughness Index of the road segments supported by the Compact								1.8	5.8			
To	Improved road quality	Roughness	Measure of the roughness of the road surface, in meters height per kilometer of distance traveled. This is measured by either an International Roughness Index (IRI) machine or taking the maximum speed that a vehicle can travel on a road and finding the corresponding roughness measure. The lower the value, the smoother the road. Typically, a paved road will have an IRI of 3 or lower, while an impassable road will have an IRI of greater than 14.	m/km							3.5	5.8			
From	Increased vehicle activity	Average Annual Daily Traffic	AADT on the road segments supported by the Compact								1450	2720			
To	Increased vehicle activity	Average Annual Daily Traffic	Measures average number of vehicles per day over different times (day and night) and over different seasons to arrive at an annualized daily average.	Numbers							1450	2720			
From	Roads rehabilitated or built	Total length	KM of road sections completed -- rehabilitated								222	222			
To	Roads rehabilitated or built	km of roads completed	The length of roads on which construction or rehabilitation is complete.	Km							222	222			

## Attachment 9: Description and Justification of Modifications – RARP

**Project Level Modification Justification** Revenue Administration Reform Project (RARP)  
Objective  
Indicator added.  
An indicator was added to measure progress over time in conjunction with the objective statement and taking into consideration the existing efforts and updates of the BIR to measure its performance with respect to fighting corruption and integrity development.

The Agency Integrity Rating/Index is one of the prescribed key performance indicators contained in the Revenue Memorandum Order (RMO) No. 31-2011 which was signed by the Commissioner in July 2011 to provide a springboard for measuring performance of the different operational units in BIR.

As stipulated in the said policy issuance, the index will be used to gauge success relative to improving integrity, professionalism, competency and satisfaction of human resources at BIR. Building upon previous anti-corruption efforts of the BIR, the integrity index will be developed based on the rating system previously used under the Integrity Development Action Plan (IDAP).

	Results	Indicator Name	Definition	Unit	Classification	Targets							Source	Methodology of Data Collection	Timing/Frequency of Data Collection
						Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Year 20			
From	Decreased incidence of corrupt activities within the Department of Finance (DOF)	Perceptions of corruption	DOF staff and the general public's perceptions that DOF staff are engaged in corrupt activities.  Perceptions that DOF (including its attached agencies) is taking action to fight corruption												
To	Decreased incidence of corrupt activities within the Department of Finance (DOF)	Perceptions of corruption only  Agency Integrity Rating/ Index	Perceptions that DOF (including its attached agencies) is taking action to fight corruption  Change in net satisfaction rating which will be developed based on a rating system under the previous Integrity Development Action Plan (IDAP)												

**Project :** Revenue Administration Reform Project (RARP)  
**Sub-activity :** eTIS  
**Level :** Outcome  
**Modification:** Modified the results statement and modified/ added indicators  
**Justification :** BIR officials in close coordination with MCA-P exerted considerable efforts to further crystallize and define the results expected from eTIS and its scope.

Against this backdrop, instead of adopting the outcomes pertaining to “increased number of returns filed” and “**efficiency perceptions**” and their indicators, a re-statement of the outcome statement was done to capture the intent of eTIS to help improve efficiency.

With “improved efficiency” as the expected result, the outcome statement pertinent to “**increased number of returns**” can already be subsumed. “**% of tax returns captured into the system**” will then be used as one of the measures to determine the attainment of the expected result.

Apart from this, other appropriate measures of efficiency were culled from the list of prescribed agency level performance indicators (KPIs) as stipulated in RMO 31-2011.

	Results	Indicator Name	Definition	Unit	Classification	Targets							Source	Methodology of Data Collection	Timing/Frequency of Data Collection
						Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Year 20			
From	Increased number of returns	Number of returns filed	Number of tax returns filed by individuals and corporate business at BIR Revenue District Offices that have implemented eTIS			TBD					TBD				
To	Improved efficiency	% of tax returns captured into the system	Returns captured/ total stock x 100			TBD End of 2012					TBD End of 2012		BIR Key Performance Indicator Report on Returns Encoded	Administrative data	Annually
From	Efficiency perceptions	Perceptions of organizational efficiency among BIR employees	Perceptions of efficiency as specifically related to eTIS implementation			TBD					TBD				
To	Improved efficiency	Filing compliance % for Corporate Income Tax	Actual no. of filers over expected number of filers x 100			TBD End of 2012					TBD End of 2012		BIR Report on Filed Returns	Administrative data	Annually
To	Improved efficiency	Filing compliance % for Personal Income Tax for business taxpayers	Actual no. of filers over expected number of filers x 100			TBD End of 2012					TBD End of 2012		BIR Report on Filed Returns	Administrative data	Annually
To	Improved efficiency	Filing compliance % for VAT	Actual no. of filers over expected number of filers x 100			TBD End of 2012					TBD		BIR Report on Filed Returns	Administrative data	Annually
To	Improved efficiency	Processing time of applications for primary registration	Difference in the processing time between the current and previous year			TBD End of 2012					TBD		BIR KPI Report	Time and Motion Study	Annually
To	Improved efficiency	Processing time of applications for secondary registration	Difference in the processing time between the current and previous year			TBD End of 2012					TBD		BIR KPI Report	Time and Motion Study	Annually

**Project :** Revenue Administration Reform Project (RARP)  
**Sub-activity :** eTIS  
**Level :** Outcome  
**Modification:** Modified results statement and modified indicator  
**Justification:** Apart from improving efficiency, eTIS is also expected to help contribute in the reduction of discretion and opportunities for corruption in the conduct of audit. With the automated selection processes, human intervention, attributed to face-to-face interaction between the transacting public and BIR, will be lessened and transparency will be promoted due to the establishment of clearer and standardized processes. Consequently, instead of adopting the result statement “**corruption perception**” and its indicator, “**perception of change in the incidence of corruption among BIR employees**”, a re-statement of the outcome statement to “**reduced discretion and opportunities for corruption**” was done to be able to fully capture the intent of eTIS.

To gauge its success, the indicator that will be used is “number of automatically generated audits”, which used to be reflected at the output level.

	Results	Indicator Name	Definition	Unit	Classification	Targets							Source	Methodology of Data Collection	Timing/Frequency of Data Collection
						Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Year 20			
From	Corruption perceptions	Perceptions of change in incidence of corruption among BIR employees	Perceptions of corruption as specifically related to eTIS implementation e.g use of electronic audit			TBD					TBD				
To	Reduced discretion and opportunities for corruption	Number of automatically-generated audits	System-generated audits done by large taxpayer unit and RDOs that have implemented the eTIS			TBD End of 2012					TBD End of 2012		Inventory of Audit Cases	Administrative data	Quarterly starting 2013

Project :
Sub-activity :
Level :
Modification:
Justification:

Revenue Administration Reform Project (RARP)
eTIS
Output
Replaced the results statement and indicator
The indicator “number of automatically-generated audits” is more appropriate to be used as a measure of “reduced opportunities for discretion and corruption” rather than as an output indicator.

In addition, considering the project design and updated workplan, the “eTIS roll-out” will be a major output that will help realize the outcomes earlier identified. Its success will be measured in terms of the “number of RDOs that will be covered by the roll-out”.

	Results	Indicator Name	Definition	Unit	Classification	Targets							Source	Methodology of Data Collection	Timing/Frequency of Data Collection
						Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Year 20			
From	Increased number of automatically generated audits	Number of audits	Automatically generated (eTIS) audits broken down by large taxpayer unit and RDOs that have implemented the eTIS			0					TBD				
To	e-TIS roll-out	Number of Revenue District Offices (RDOs) using eTIS	Number of revenue district offices that will be covered by the roll-out			0					128		BIR	Administrative data	Quarterly (once eTIS is ready for roll-out)

**Project :** Revenue Administration Reform Project (RARP)  
**Sub-activity :** Automated Audit Tools (AATs)  
**Level :** Output  
**Modification:** Modified the indicator and its definition  
**Justification:** There are existing policy issuances namely Revenue Memorandum Order (RMO) 67-99 and RMO 19-2009 which stated that an audit has to be completed within 120 days. However, data showed that completion of an audit goes beyond this period.

As of April 2011, the BIR inventory report showed that most audit cases for single entity take more than a year to be terminated. This takes into consideration that the life cycle of a case, whose audit findings not amenable to the taxpayer, undergo a series of processes to provide them an opportunity to dispute said findings, or present legal and/factual bases to reduce the same. Remedies given to the taxpayer to dispute findings include protests actions, request for re-investigation, appeals for extensions for submission of documents, and others.

With these data, it can be gleaned that majority of cases handled exceed more than 365, which necessitates the need to modify the 117 days time to complete an audit. The completion of audit should be in reference to the 120 days, with a caveat that required data files should first be submitted to the Large Taxpayers Service (LTS) prior to start of conduct of audit.”

	Results	Indicator Name	Definition	Unit	Classification	Targets							Source	Methodology of Data Collection	Timing/Frequency of Data Collection
						Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Year 20			
From	Decreased time to complete an audit	Time to complete an audit	Calendar days from start of audit to completion			117					44				
To	Decreased time to complete an audit	Percentage of audit completed in compliance with the prescribed period of 120 days	% of audit completed in compliance with the prescribed period			1%					50%		BIR Collection and Assessment Reports	Administrative data	Quarterly

**Project :** Revenue Administration Reform Project (RARP)  
**Sub-activity :** Automated Audit Tools (AATs)  
**Level :** Output  
**Modification:** **Changed the target set for Year 5**  
**Justification:** The need to lower the target is prompted by the fact that audit requires application of several audit techniques, which include computer and manual audits. The definition of the indicator which is “**audit cases performed using only AATS**” may cause confusion since there was never any audit conducted using purely CAATS. There is a recommendation that all taxpayers may undergo CAATTS, but not necessarily that the audit results were derived solely from these procedures. It is the composite procedure of manual and automated audit that defines an audit.

In addition, there are certain audits that are issue-based or per tax type which will still require a manual audit.

	Results	Indicator Name	Definition	Unit	Classification	Targets							Source	Methodology of Data Collection	Timing/Frequency of Data Collection
						Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Year 20			
From		Percentage of audit cases performed using AATs	Large taxpayer unit audit cases performed using AATs			2.9%					100 %				
To		Percentage of audit cases performed using AATs	Large taxpayer unit audit cases performed using AATs			2.9%					95%		BIR CAATTS Collection and Assessment Performance Report	Administrative data	Quarterly

**Project :** Revenue Administration Reform Project (RARP)  
**Sub-activity :** Automated Audit Tools (AATs)  
**Level :** Output  
**Modification :** Deleted the result statement on “reduced opportunities for discretion” and its indicator “time spent at taxpayer premise per audit”  
**Justification :** BIR Form No. 0500 is the Revenue officer’s audit report. This shows the audit results. On the upper right hand portion, it shows the number of hours spent for the audit. However, these information are usually subjective estimates provided by the Revenue Officer and not much particular attention is given to its accuracy or veracity by the Approving Office. There is no daily timeline itinerary per taxpayer visited with the number of hours spend that are submitted by revenue officers. Consequently, there is no summary report that is being prepared to show the number of hours spent per case. Moreover, the time spent at the premises of the taxpayers depends on the complexity of the audit case being undertaken.

Therefore this indicator has been dropped because the indicator’s quality is determined to be poorer than initially thought when the indicator was selected for inclusion in the plan.

**Project :** Revenue Administration Reform Project (RARP)

**Sub-activity :** Public Awareness Campaign

**Level :** Outcome

**Modification :** Modification of results statements and indicators

**Justification :** A re-statement of the expected result was done to indicate that the source of increased revenue will be the new business registrants comprised of corporation, single proprietor and professionals. .  
On the other hand, the remaining two results statements were modified since the PAC efforts are targeted towards the taxpayers. As far the indicators are concerned, since surveys will be employed to collect data with regard to the level of taxpayer satisfaction with BIR services and perception of change based on the Communication Plan that will be formulated, they were modified to capture the percentage of respondents reporting satisfaction and aware of change based on specific message over time.

	Results	Indicator Name	Definition	Unit	Classification	Targets							Source	Methodology of Data Collection	Timing/Frequency of Data Collection
						Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Year 20			
From	Increased revenue	Revenue from target group	Target group to be defined based on project type			TBD					TBD				
To	Increased revenue from new business registrants	Revenue from new business registrants to include corporation, single-proprietor and professionals	Target revenue to be defined based on project type			TBD end of 2012					TBD end of 2012		BIR Report on Revenue from Target Group (new registrants)	Administrative data	Annually
From	Increased satisfaction	Taxpayer satisfaction with BIR services	Improvement in customer satisfaction survey scores			TBD					TBD				
To	Increased satisfaction of taxpayers	Percentage of respondents reporting satisfaction with BIR services	Improvement in customer satisfaction survey scores			TBD end of 2012					TBD end of 2012		External Survey Consultant	Survey	Pre and Post project
From	Increased awareness	Perception of change based on specific message	Awareness of the campaign, the available BIR services and/or taxpayer obligations			TBD					TBD				
To	Increased awareness of taxpayers	Percentage of respondents aware of change based on specific message	Awareness of the campaign, the available BIR services and/or taxpayer obligations			TBD end of 2012					TBD end of 2012		External Survey Consultant	Survey	Pre and Post project

**Project :** Revenue Administration Reform Project (RARP)  
**Sub-activity :** Public Awareness Campaign  
**Level :** Output  
**Modification :** Incorporation of outputs that will help realize the outcome  
**Justification :** To help attain the PAC outcomes, outputs were reflected into the plan taking off from the project design and workplan. These include “increased number of new business registrants” and “communication plan implemented”.

	Results	Indicator Name	Definition	Unit	Classification	Targets							Source	Methodology of Data Collection	Timing/Frequency of Data Collection
						Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Year 20			
	Increased number of new business registrants	Percentage increase in the number of new business registrants	Year-on-year increase in the number of new business registrants composed of corporation, single-proprietor and professionals			1.50%					7.73 %		BIR Report on Registration by Taxpayer Type	Administrative data	Quarterly
	Implemented communication plan (ComPlan)	Percentage of activities undertaken based on the Complan	Activities implemented based on planned activities			0					100 %		Periodic Terminal Report	Administrative data	Quarterly

**Project :** Revenue Administration Reform Project (RARP)  
**Activity :** Revenue Integrity Protection Service (RIPS)  
**Level :** Outcome  
**Modification:** Changed the definition  
**Justification:** This is a small change to the definition from ‘general public’ to ‘transacting public’ to reflect that the project is targeted at those who are involved in taxable activities. There will two sets of instruments that will be developed for the target respondents which will include the DOF staff and transacting public.

	Results	Indicator Name	Definition	Unit	Classification	Targets							Source	Methodology of Data Collection	Timing/Frequency of Data Collection
						Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Year 20			
From	Corruption perceptions	Perceptions of corrupt activities within DOF agencies	Perceptions among DOF staff and the general public												
To	Corruption perceptions	Perceptions of corrupt activities within DOF agencies	Perceptions among DOF staff and the transacting public			TBD end 2012					TBD end 2012			Survey	Pre- and Post-Project

**Project :** Revenue Administration Reform Project (RARP)  
**Activity :** Revenue Integrity Protection Service  
**Level :** Output  
**Result :** Increased number of DOF personnel charged  
**Modification:** Modified the indicator and its definition and the targets for Year 5  
**Justification:** One of the output level indicators defined as “**Number of DOF personnel charged with either graft or corruption**” has to be broadened to include criminal and lifestyle cases as these are the cases normally filed by RIPS. If the current definition will be maintained and strictly followed, it will not accurately reflect the performance of RIPS.

In addition, based on the available data of RIPS, the reduction in the target is rooted on the following computation which shows that only 75% of the 330 DOF personnel involved in opened cases (investigated ) will be charged.

Indicator/ definition	Baseline	Proposed Targets
	(cover 3-year period)	Covering 5 years
Output level		
Personnel charged with graft, corruption, <u>lifestyle and/or criminal cases</u>	67 (60% of 110)	250 (75% of 330 personnel investigated)
<u>Personnel</u> involved in opened cases	110	330

	Results	Indicator Name	Definition	Unit	Classification	Targets							Source	Methodology of Data Collection	Timing/Frequency of Data Collection
						Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Year 20			
From	Increased number of DOF personnel charged	Personnel charged	Number of DOF personnel charged with either graft or corruption			67					500				
To	Increased number of DOF personnel charged	Personnel charged with graft, corruption, lifestyle and/or criminal cases	Number of DOF personnel charged with graft, corruption, lifestyle and/or criminal cases			67					250		Annual Report	Administrative data	Annually

**Project :** Revenue Administration Reform Project (RARP)  
**Activity :** Revenue Integrity Protection Service  
**Level :** Output  
**Modification:** Clarified the context of the indicator and its definition; changed the target for Year 5  
**Justification :** For clarity and consistency purposes at the outcome and output levels, the “**number of complaints investigated**” and its definition “**number of cases opened**” will be revised to “**number of personnel investigated**”.

If the terms to be used is “**number of complaints investigated**” and it would be defined as “**number of cases opened**” there might be a problem if the output level will be linked with the outcome level since there is no direct comparison between complaints/cases and personnel.

A single complaint can involve more than one person. The same problem was encountered during the Threshold Program wherein cases and personnel have been used interchangeably, since a single person can be charged with more than one case and a case can involve more than one person. In addition, the RIPS office always counted its data per person and not on a per case basis.

As contained in the computation above, the baseline data for the number of personnel investigated of 110 is based on a three-year period or an average of 36.6 per year. Considering these figures and the full complement of RIPS, it can only manage to investigate 330, hence the reduction in the original target.

	Results	Indicator Name	Definition	Unit	Classification	Targets							Source	Methodology of Data Collection	Timing/Frequency of Data Collection
						Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Year 20			
From	Increased number of investigations	Number of complaints investigated	Number of cases opened			110					400				
To	Increased number of investigations	Number of personnel investigated	Number of personnel involved in opened cases			110					330		Annual Report	Administrative data	Annually